



# FRANKLIN MOUNTAIN ENERGY

Before the Oil Conservation Division  
Examiner Hearing October 5<sup>th</sup>, 2020

Compulsory Pooling

**Case No. 23830: Satellite State Com 702H**  
**Satellite State Com 802H**

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

**IN THE MATTER OF THE APPLICATION OF**

**FRANKLIN MOUNTAIN ENERGY 3, LLC  
FOR COMPUSLORY POOLING AND NOTICE  
OF OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 23830**

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

<b>Case: 23830</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date</b>	<b>October 5, 2023</b>
Applicant	Franklin Mountain Energy 3, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy 3, LLC OGRID No. 331595
Applicant's Counsel:	Modrall, Sperling, Roehl, Harris, & Sisk, P.A.
Case Title:	Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling and Notice of Overlapping Spacing Unit, Lea County, New Mexico.
Entries of Appearance/Intervenors:	None.
Well Family	Satellite State
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Airstrip; Wolfcamp Pool (Code 970)
Well Location Setback Rules:	State-Wide Rules Apply to Each Pool
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	360-acres
Building Blocks:	40-Acres
Orientation:	North/South
Description: TRS/County	E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes.
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit B.5
<b>Well(s)</b>	
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: Satellite State Com 702H	API (Not yet assigned) SHL: 1065' FNL & 2270' FWL, Section 36, T18S, R34E BHL: 130' FNL & 2300' FWL, Section 24, T18S, R34E Completion Target: Wolfcamp A (Approx. 10,924' TVD)

**Exhibit A**

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Well #2: Satellite State Com 802H	API (Not yet assigned) SHL: 1065' FNL & 2220' FWL, Section 36, T18S, R34E BHL: 130' FNL & 1660' FWL, Section 24, T18S, R34E Completion Target: Wolfcamp B (Approx. 11,597' TVD)
Horizontal Well First and Last Take Points	See Exhibit B.4
Completion Target (Formation, TVD and MD)	See Exhibit B.7
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$9,000.00
Production Supervision/Month \$	\$900.00
Justification for Supervision Costs	See Exhibit B Paragraph 31
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit B.10
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B.10
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B.10
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit B.5
Tract List (including lease numbers and owners)	Exhibit B.5
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	See Exhibit B.5 & Exhibit B.9
Unlocatable Parties to be Pooled	See Exhibit B.5 & Exhibit B.9
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit B.7
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.5
Chronology of Contact with Non-Joined Working Interests	Exhibit B.6
Overhead Rates In Proposal Letter	Exhibit B.7
Cost Estimate to Drill and Complete	Exhibit B.8
Cost Estimate to Equip Well	Exhibit B.8
Cost Estimate for Production Facilities	Exhibit B.8
<b>Geology</b>	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C.1
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.1
Well Orientation (with rationale)	Exhibit C.11
Target Formation	Exhibit C.3 to C.6 & Exhibit C.7 to C.9
HSU Cross Section	Exhibit C.5 & Exhibit C.9
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
<div> <div>C-102</div> <div> <div>OCD Examiner</div> <div>Hearing 10-05-23</div> <div>Will supplement when finalized.</div> </div> </div> <div> <div>Released to Imaging: 10/3/2023 4:43:10 PM</div> <div>No. 23630</div> </div>	



Tracts	Exhibit B.5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.5
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibit C.2
Structure Contour Map - Subsea Depth	Exhibit C.3 & Exhibit C.7
Cross Section Location Map (including wells)	Exhibit C.4 & Exhibit C.8
Cross Section (including Landing Zone)	Exhibit C.5 & Exhibit C.9
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Deana M. Bennett
<b>Signed Name</b> (Attorney or Party Representative):	/s/ Deana M. Bennett
<b>Date:</b>	10/3/2023

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

**APPLICATIONS OF FRANKLIN MOUNTAIN  
ENERGY 3, LLC FOR COMPULSORY POOLING  
AND NOTICE OF OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NOS. 23829 & 23830  
(Satellite W/2 Wolfcamp)**

**SELF AFFIRMED DECLARATION OF DON JOHNSON**

Don Johnson hereby states and declares as follows:

1. I am over the age of 18, I am a landman for Franklin Mountain Energy 3, LLC (“Franklin”), 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 Franklin includes the area of Lea County in New Mexico.
3. I am familiar with the applications filed by Franklin in these cases, which are attached as **Exhibit B.1**.
4. I am familiar with the status of the lands that are subject to the applications.
5. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced applications.
6. The purpose of the applications is to force pool all uncommitted interests into the horizontal spacing units described below, and in the wells to be drilled in the units.

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

8. The spacing units and wells that Franklin is proposing in these cases are part of a comprehensive development plan, covering portions of multiple sections. Franklin's Development Overview is attached as **Exhibit B.2**. It is Franklin's intent to fully and efficiently develop all of the acreage included in its comprehensive development plan.

9. Exhibit B.2 identifies Franklin's plans to develop four well groups, the Gold wells, Satellite wells, Parallel wells, and the Cross wells. Exhibit B.2 also shows the overlapping areas between the four development areas. Franklin's acreage across these sections is identified by yellow shading.

10. As shown on Exhibit B.2, the Satellite wells and the Cross wells overlap in the N/2 of Section 36, Township 18 South, Range 34 East. Franklin's applications for the Satellite wells and the Cross wells identified on Exhibit B.2 included notice regarding the overlap of the units. There are no existing wells in Section 36 or existing units that encompass Section 36. However, to the extent notice to operators and working interest owners is required, Franklin satisfied the notice requirements of Rule 19.15.16.15(B)(9), which requires notice to "all operators and working interest owners of record or known to the applicant in the existing and new well's spacing units." Franklin's applications were sent to the working interest owners in each of the proposed Satellite and Cross units identified on Exhibit B.2. There are no operators of any wells in the N/2 of Section 36.

11. Franklin's overlapping development plans are intentionally designed to maximize the efficient production of hydrocarbons, prevent waste, and protect correlative rights. The plan

will allow oil and gas reserves located in the N/2 of Section 35 that could otherwise be unrecoverable due to drilling constraints and set-back requirements to be developed. Additionally, the proposed development will allow for consolidated well pads, facilities, and infrastructure, significantly minimizing surface disturbances and impacts to rangeland and habitat. Franklin has analyzed this concept internally, from both the drilling engineer perspective and reservoir engineer perspective, and Franklin's team has concluded that this layout will not result in waste or negatively impact correlative rights.

12. **Exhibit B.3** is a wellbore schematic showing Franklin's development plan for the Satellite wells, which involve Sections 24, 25 and 36, Township 18 South, Range 34 East. Franklin has submitted a total of four applications to cover these sections as follows: Case Nos. 23829 and 23830 (W/2 Wolfcamp wells) and Case Nos. 23831 and 23832 (E/2 Wolfcamp wells).

13. In these two cases, Franklin is proposing four Wolfcamp wells as follows: Case No. 23829—Satellite State Com 701H and Satellite State Com 801H (W/2/W/2) and Case No. 23830—Satellite State Com 702H and Satellite State Com 802H (E/2W/2).

14. In Case No. 23829, Franklin seeks an order from the Division pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2W/2 of Sections 24 and 25, and the NW/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

15. This spacing unit will be dedicated to the Satellite State Com 701H and Satellite State Com 801H wells, to be horizontally drilled.

16. In Case No. 23830, Franklin seeks an order from the Division pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit

comprising the E/2W/2 of Sections 24 and 25, and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico

17. This spacing unit will be dedicated to the Satellite State Com 702H and Satellite State Com 802H wells, to be horizontally drilled.

18. Attached as **Exhibit B.4** are the proposed C-102s for the wells.

19. The C-102s identify the proposed surface hole locations and the bottom hole locations, as well as the first and last take points. The C-102s also identify the pool and pool code.

20. The wells will develop the AIRSTRIP; WOLFCAMP POOL [CODE 970].

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

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

23. The producing areas for the wells are expected to be orthodox.

24. There are no depth severances within the proposed spacing units.

25. **Exhibit B.5** includes a lease tract map outlining the units being pooled. Exhibit B.5 also includes a unit recapitulation for each unit.

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

27. In my opinion, Franklin has made a good faith effort to obtain voluntary joinder of the unleased mineral interest owners in the proposed well.

28. **Exhibit B.6** is a summary of my contacts with the working interest owners.

29. **Exhibit B.7** are sample well proposal letters that were sent to all working interest owners. The proposal letters identify the proposed surface hole and bottom hole locations and approximate TVD/MD for the wells.

30. **Exhibit B.8** contains the Authorization for Expenditure for the proposed wells. The estimated costs of the wells 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.

31. Franklin requests overhead and administrative rates of \$9,000 month for drilling a well and \$900 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. Franklin requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

32. Franklin requests the maximum cost plus 200% risk charge be assessed against non-consenting unleased mineral interest owners.

33. Franklin requests that it be designated operator of the well.

34. The parties Franklin is seeking to pool were notified of this hearing.

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

36. **Exhibit B.9** is a list of the parties being pooled, for each case.

37. **Exhibit B.10** is an affidavit of notice prepared by counsel for Franklin 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 August 20, 2023.

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

39. 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: September 27, 2023

  
\_\_\_\_\_  
Don Johnson



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

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

**CASE NO. 23830**

**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 pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Franklin also hereby provides notice that the spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico. 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 E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico to form a standard 360-acre, more or less, Wolfcamp horizontal spacing unit.

**Exhibit B-1**

3. Franklin plans to drill the **Satellite State Com 702H and Satellite State Com 802H wells** to a depth sufficient to test the Wolfcamp formation. The wells will be horizontally drilled, and the producing area for the wells is expected to be orthodox.

4. Franklin also hereby provides notice that the spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico.

5. 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 wells or to otherwise commit their interests to the wells.

6. 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 October 5, 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 horizontal spacing unit within the E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;

B. Approving, to the extent necessary, the proposed overlapping spacing unit;

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

D. Authorizing Franklin to recover its costs of drilling, equipping and completing the wells;

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

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

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. 23830 : Application of Franklin Mountain Energy 3, LLC for compulsory pooling and notice of overlapping unit, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Satellite State Com 702H and Satellite State Com 802H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. The spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico. 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 wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

# Field Development Overview

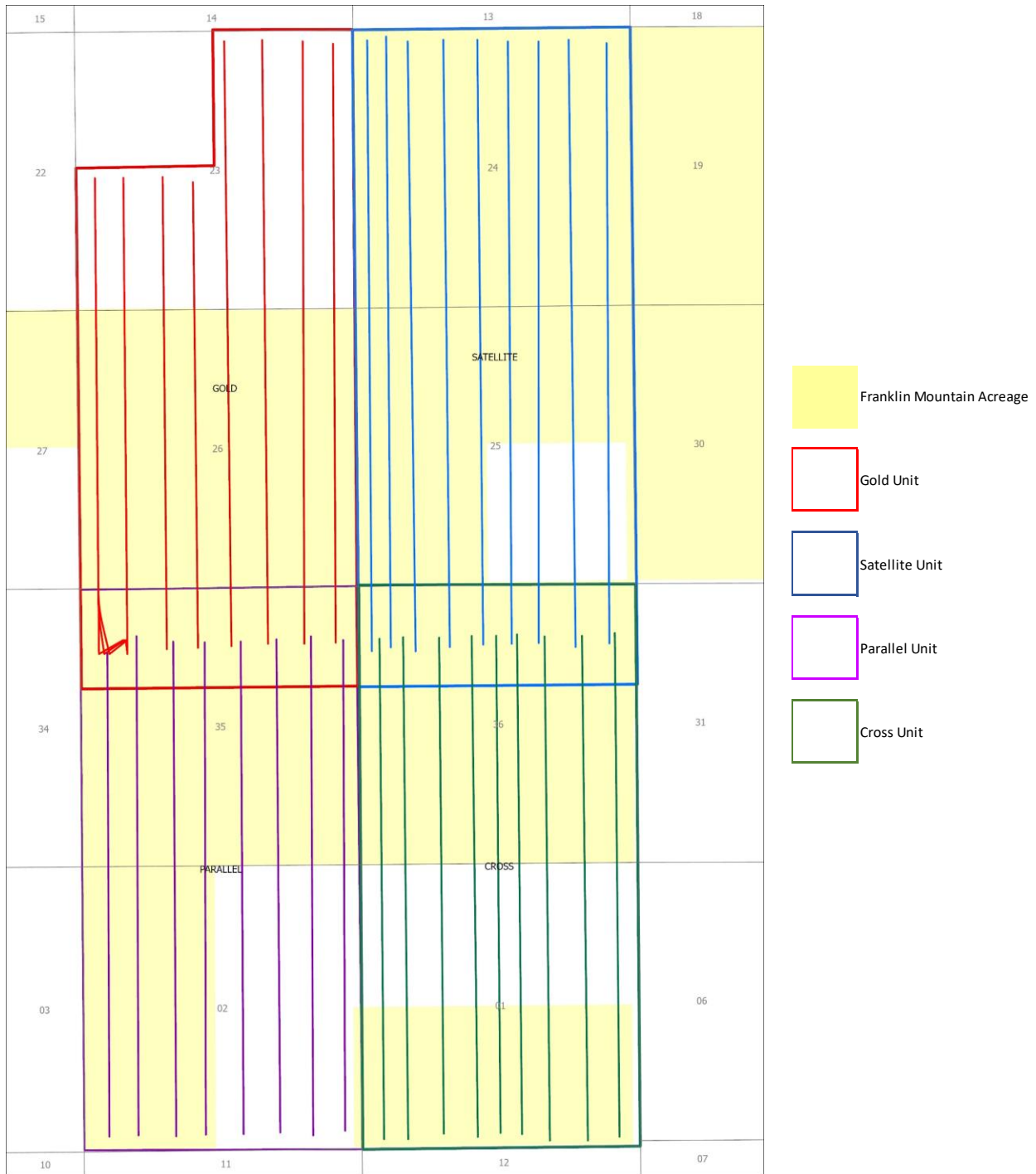


Exhibit B-2

1 Mile

OCD Examiner Hearing 10-05-23

No. 23830

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# Development Overview

Case Nos. 23829, 23830, 23831 & 23832

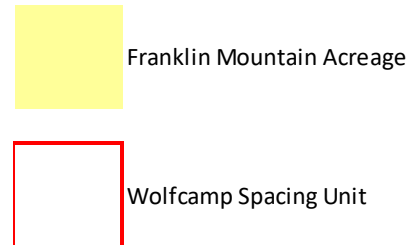
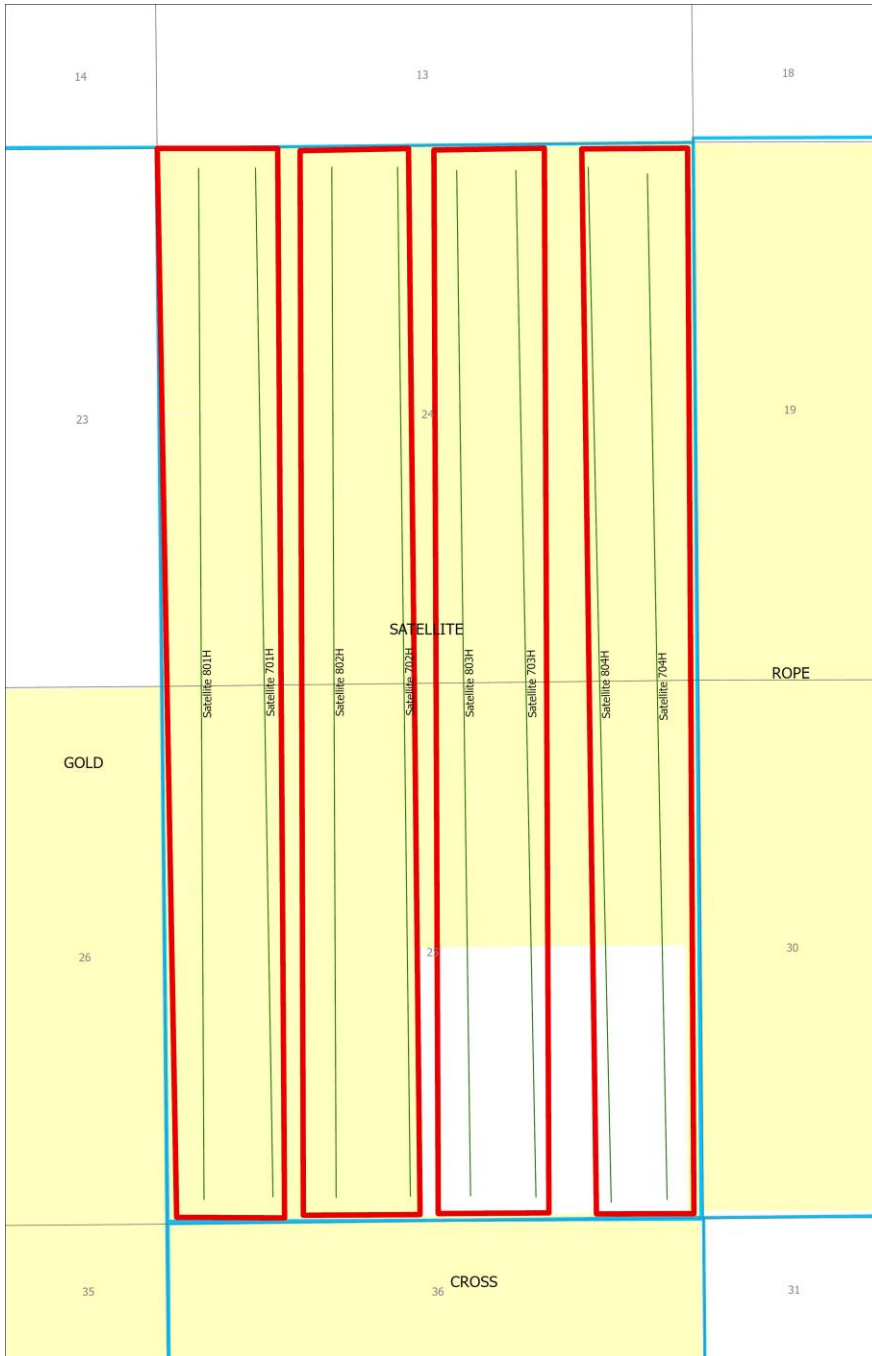


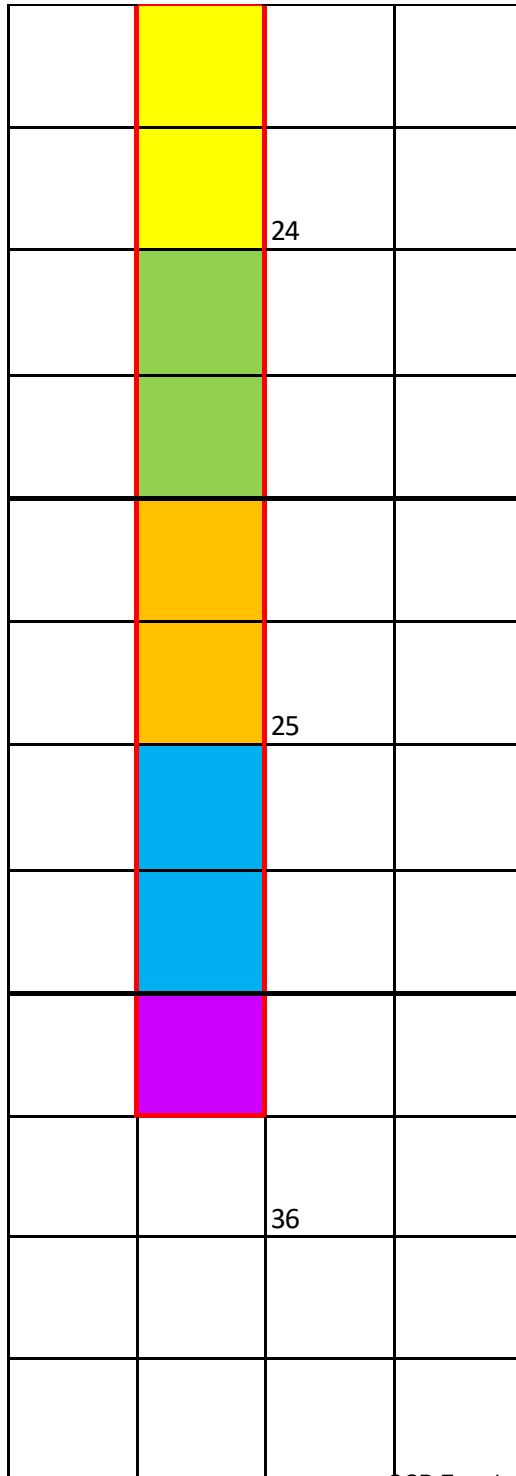
Exhibit B-3 1 Mile

OCD Examiner Hearing 10-05-23

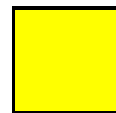
No. 23830

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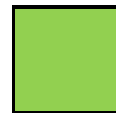
**Lease Tract Map**  
**Case No. 23830**  
**E/2W/2 of Sections 24 & 25 NE/4NW/4 of Section 36 - T18S-R34E**  
**360.00 Acres**  
**Satellite State Com 702H**  
**Satellite State Com 802H**



Proposed Wolfcamp Unit



Tract 1 (80.00 Acres)



Tract 2 (80.00 Acres)



Tract 3 (80.00 Acres)



Tract 4 (80.00 Acres)



Tract 5 (40.00 Acres)

OCD Examiner Hearing (Closed) **Exhibit B-5**

No. 23830



**Summary of Interests**  
**Case No. 23830**  
**E/2W/2 of Sections 24 & 25 NE/4NW/4 of Section 36 -**  
**T18S-R34E 360.00 Acres**  
**Satellite State Com 702H**  
**Satellite State Com 802H**

<b>Committed Working Interest</b>	
Franklin Mountain Energy 3, LLC	86.111111%
<b>Uncommitted Working Interest</b>	
T.H. McElvain Oil & Gas, LLP	13.888889%
Total:	100.000000%



**Unit Recapitulation**  
**Case No. 23830**  
**E/2W/2 of Sections 24 & 25 NE/4NW/4 of Section 36 -T18S-R34E 360.00 Acres**  
**Satellite State Com 702H**  
**Satellite State Com 802H**

Committed Working Interest	
Franklin Mountain Energy 3, LLC	86.111111%
Uncommitted Working Interest	
T.H. McElvain Oil & Gas, LLLP	13.888889%
Total:	100.000000%

		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	LO-4883	11.1112%

## Summary of Contacts (E/2W/2: Case Nos. 23830)

- 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 July 18, 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 uncommitted 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.

Name	Ownership Type	Date Proposal Letter Sent	Proposal Letter Received	Follow Up
T.H. McElvain Oil and Gas LLLP	WI	7/18/2023	7/20/2023	Communicating with TH McElvain, negotiating JOA



Sent via USPS: 9400109205568758357811

July 18, 2023

T.H. McElvain Oil & Gas LLLP  
 1819 Denver West Drive, Suite 260  
 Lakewood, CO 80401  
 Attn: Land Dept, Permian Basin

RE: **Well Proposals**  
 Township 18 South, Range 34 East  
 Section 24: E2W2, Section 25: E2W2, Section 36: NENW  
 Lea County, New Mexico  
 360.00 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
Satellite State Com 702H	WCA	10924	20,924'	Sec 36-T18S-R34E 1065 FNL 2270 FWL	Sec 24-T18S-R34E 130 FNL 2300 FWL	\$11,650,592.43	N/A
Satellite State Com 802H	WCB	11597	21,597'	Sec 36-T18S-R34E 1065 FNL 2220 FWL	Sec 24-T18S-R34E 130 FNL 1660 FWL	\$11,783,083.07	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 wells 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 working interest, 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 a term assignment or lease at the following terms:

The foregoing 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](mailto: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) 414-7863.

Respectfully,

Franklin Mountain Energy 3, LLC



Don Johnson  
Sr. Land Analyst



**Satellite State Com 702H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Satellite State Com 702H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Satellite State Com 702H** well.

**Satellite State Com 802H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Satellite State Com 802H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Satellite State Com 802H** well.

Owner: T.H. McElvain Oil and Gas LLLP

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



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

Well Name:	Satellite State Com 702H	Well #:	702H
Location:	SHL: Sec 36-T18S-R34E 1065 FNL 2270 FWL BHL: Sec 24-T18S-R34E 130 FNL 2300 FWL	County/State:	Lea Co., NM
Operator:	Franklin Mountain Energy 3, LLC	Date Prepared:	6/21/2023
Purpose:	Drill and complete a 10,000' WCA well. TVD 10,924', MD 20,924'.	AFE #:	DCE230647

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 SUFACE 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/DIESEL	\$550,000
225	84	EQUIPMENT RENTAL DOWNHOLE	\$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/TA 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:			\$5,496,846
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:			\$2,693,327				

Tangible Drilling Costs			
Major	Minor	Description	Amount
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,758
230	20	PACKERS/SLEEVES/PLUGS	\$66,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,144,050
230	35	SURFACE CASING & ATTACHMENTS	\$169,740
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000
230	40	TAXES	\$89,295
Total Tangible Drilling Costs:			\$1,712,843

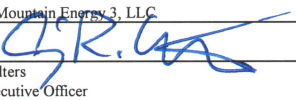
Tangible Facility Costs			
Major	Minor	Description	Amount
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000
270	15	CONTAINMENT	\$0
270	25	DEHYDRATION	\$0
270	30	PRIMARY POWER MATERIALS	\$56,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000
270	60	H2S TREATING EQUIPMENT	\$0
270	65	SEPARATION EQUIPMENT	\$125,000
270	66	ROAD/LOCATION/FENCING/REPAIRS	\$0
270	75	PRE-FABRICATED SKIDS	\$0
270	86	FACILITY SURFACE EQUIPMENT	\$137,000
270	90	H2S SAFETY SYSTEM	\$4,000
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$86,000
270	110	TANKS & WALKWAYS	\$90,000
270	130	MECHANICAL BATTERY BUILD	\$154,000
270	132	EI&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

Total Drill:	\$4,406,170.14
Total Completion:	\$6,045,445.54
Total Facility:	\$1,198,976.75
Total DC Intangible:	\$8,190,172.54
Total DC Tangible:	\$2,261,443.14

Total AFE:	\$11,650,592.43
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THIS AUTHORITY FOR EXPENDITURE IS BASED ON COST ESTIMATES. BILLING WILL REFLECT YOUR PROPORTINATE SHARE OF THE ACTUAL INVOICE COSTS.

Operator: Franklin Mountain Energy 3, LLC

Approved By:   
Craig Walters  
Chief Executive Officer

Date: 6/21/2023

WI Owner:

Approved By:

Date:

Printed Name:

Title:

ALL PARTICIPANTS MUST CARRY THEIR OWN CONTROL OF WELL INSURANCE AND ATTACH A CERTIFICATE OF INSURANCE TO THIS ELECTION OR INSURE WITH FME





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

Well Name:	Satellite State Com 802H	Well #:	802H
Location:	SHL: Sec 36-T18S-R34E 1065 FNL 2220 FWL BHL: Sec 24-T18S-R34E 130 FNL 1660 FWL	County/State:	Lea Co., NM
Operator:	Franklin Mountain Energy 3, LLC	Date Prepared:	6/21/2023
Purpose:	Drill and complete a 10,000' WCB well. TVD 11,597', MD 21,597'.	AFE #:	DCE230650

Intangible Drilling Costs				Intangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$5,200	240	5	ADMINISTRATIVE OVERHEAD	\$8,200
225	10	CASING CREW & EQPT	\$55,000	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	\$85,000	240	20	COILED TUBING/SNUBBING UNIT	\$194,313
225	20	CEMENTING SUFACE CASING	\$36,000	240	25	COMMUNICATIONS	\$1,896
225	25	COMMUNICATIONS	\$22,000	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	\$60,000	240	50	DAMAGES/RECLAMATION	\$1,896
225	45	DAMAGES	\$15,000	240	55	DISPOSAL SOLIDS	\$2,844
225	50	DAYWORK CONTRACT	\$650,000	240	60	ELECTRICAL POWER\GENERATION	\$0
225	55	DRILLING - DIRECTIONAL	\$230,000	240	62	ENGINEERING	\$5,687
225	60	DRILLING - FOOTAGE	\$90,000	240	65	ENVIRONMENTAL/CLEANUP	\$0
225	65	DRILLING BITS	\$110,000	240	70	FISHING TOOLS / SERVICES	\$0
225	70	ELECTRICAL POWER\GENERATION	\$0	240	71	FLUIDS/HAULING/DISPOSAL	\$180,000
225	75	ENGINEERING	\$25,200	240	72	FRAC WATER/COMPLETION FLUID	\$470,000
225	80	ENVIRONMENTAL SERVICES	\$220,000	240	75	FUEL, POWER/DIESEL	\$550,000
225	84	EQUIPMENT RENTAL DOWNHOLE	\$60,000	240	80	HEALTH & SAFETY	\$4,700
225	85	EQUIPMENT RENTAL	\$60,000	240	85	HOUSING AND SUPPORT SERVICES	\$14,000
225	90	FISHING TOOLS/SERVICES	\$0	240	90	MATERIALS & SUPPLIES	\$0
225	95	HEALTH & SAFETY	\$11,000	240	95	MISCELLANEOUS	\$0
225	100	HOUSING AND SUPPORT SERVICES	\$21,000	240	100	MUD & CHEMICALS	\$10,000
225	105	INSURANCE	\$2,200	240	110	P&A/TA COSTS	\$0
225	106	INSPECTIONS	\$20,000	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	\$200,000	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	\$180,000	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	\$269,199
225	163	SITE RESTORATION	\$0	240	40	CONTINGENCY COSTS 5%	\$244,726
225	165	STAKING & SURVEYING	\$6,000	Total Intangible Completion Costs:			\$5,408,446
225	170	SUPERVISION	\$88,200				
225	175	SUPERVISION - GEOLOGICAL	\$48,300				
225	180	TRANSPORTATION/TRUCKING	\$25,000				
225	178	TAXES	\$143,721				
225	35	CONTINGENCY COSTS 5%	\$130,655				
Total Intangible Drilling Costs:			\$2,887,476				


Tangible Drilling Costs			
Major	Minor	Description	Amount
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,548
230	20	PACKERS/SLEEVES/PLUGS	\$66,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,165,590
230	35	SURFACE CASING & ATTACHMENTS	\$173,758
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000
230	40	TAXES	\$90,689
Total Tangible Drilling Costs:			\$1,739,585

Tangible Facility Costs			
Major	Minor	Description	Amount
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000
270	15	CONTAINMENT	\$0
270	25	DEHYDRATION	\$0
270	30	PRIMARY POWER MATERIALS	\$56,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000
270	60	H2S TREATING EQUIPMENT	\$0
270	65	SEPARATION EQUIPMENT	\$125,000
270	66	ROAD/LOCATION/FENCING/REPAIRS	\$0
270	75	PRE-FABRICATED SKIDS	\$0
270	86	FACILITY SURFACE EQUIPMENT	\$137,000
270	90	H2S SAFETY SYSTEM	\$4,000
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$86,000
270	110	TANKS & WALKWAYS	\$90,000
270	130	MECHANICAL BATTERY BUILD	\$154,000
270	132	EI&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

Total Drill:	\$4,627,060.78
Total Completion:	\$5,957,045.54
Total Facility:	\$1,198,976.75
Total DC Intangible:	\$8,295,921.04
Total DC Tangible:	\$2,288,185.28

Total AFE:	\$11,783,083.07
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THIS AUTHORITY FOR EXPENDITURE IS BASED ON COST ESTIMATES. BILLING WILL REFLECT YOUR PROPORTINATE SHARE OF THE ACTUAL INVOICE COSTS.

Operator: Franklin Mountain Energy 3, LLC  
Approved By:   
Craig Wilbers  
Chief Executive Officer

Date: 6/21/2023

WI Owner:

Approved By:

Date:

Printed Name:

Title:

ALL PARTICIPANTS MUST CARRY THEIR OWN CONTROL OF WELL INSURANCE AND ATTACH A CERTIFICATE OF INSURANCE TO THIS ELECTION OR INSURE WITH FME

Parties to Be Pooled  
Case No. 23830

TH McElvain Oil & Gas, LLLP	WIO
The Taurus Corporation	ORRI
Featherstone Development Corporation	ORRI
Broken Arrow Royalties LLC	ORRI
Brazos Limited Partnership	ORRI
Penroc Oil Corporation	ORRI
Rocking H. Holdings, Ltd.	ORRI
JKV Corporation	ORRI

Exhibit B-9



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

**APPLICATION OF FRANKLIN MOUNTAIN  
ENERGY3, LLC FOR COMPULSORY POOLING,  
AND NOTICE OF OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 23830**

**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 letter, dated September 14, 2023, and attached hereto, as Exhibit A.
- 2) Exhibit B is the mailing list, which show the notice letters were delivered to the USPS for mailing on September 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. This shows the names and addresses of the parties to whom notice was sent and proof of delivery.
- 4) Exhibit D is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the October 5, 2023 hearing was published on September 20, 2023.
- 5) 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: October 2, 2023



\_\_\_\_\_  
Deana M. Bennett



September 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 COMPULSORY POOLING AND NOTICE OF  
OVERLAPPING SPACING UNIT, LEA COUNTY, NEW  
MEXICO**

**CASE NO. 23830**

**TO: AFFECTED PARTIES**

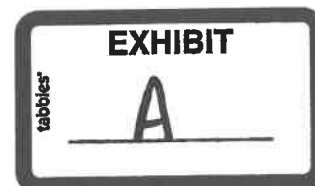
This letter is to advise you that Franklin Mountain Energy 3, LLC ("Franklin Mountain Energy 3") has filed the enclosed application.

In Case No. 23830, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Satellite State Com 702H and Satellite State Com 802H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. The spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico. 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 wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

**The hearing will be conducted remotely on October 5, 2023 beginning at 8:15 a.m. To participate in the electronic hearing, see the 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 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 style with a large, stylized "D" and "B".

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 COMPULSORY POOLING  
AND NOTICE OF OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 23830**

**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 pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Franklin also hereby provides notice that the spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico. 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 E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico to form a standard 360-acre, more or less, Wolfcamp horizontal spacing unit.

3. Franklin plans to drill the **Satellite State Com 702H and Satellite State Com 802H wells** to a depth sufficient to test the Wolfcamp formation. The wells will be horizontally drilled, and the producing area for the wells is expected to be orthodox.

4. Franklin also hereby provides notice that the spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico.

5. 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 wells or to otherwise commit their interests to the wells.

6. 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 October 5, 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 horizontal spacing unit within the E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;

B. Approving, to the extent necessary, the proposed overlapping spacing unit;

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

D. Authorizing Franklin to recover its costs of drilling, equipping and completing the wells;

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

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

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. 23830 : Application of Franklin Mountain Energy 3, LLC for compulsory pooling and notice of overlapping unit, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Satellite State Com 702H and Satellite State Com 802H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. The spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico. 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 wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
09/14/2023



Firm Mailing Book ID: 252326

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0112 1131 59	TH McElvain Oil & Gas, LLLP 1819 Denver West Dr, Ste 260 Lakewood CO 80401	\$1.59	\$4.35	\$2.20	\$0.00	10154.01.23830. Notice
2	9314 8699 0430 0112 1131 66	The Taurus Corporation PO BOX 1477 LITTLE ELM TX 75068	\$1.59	\$4.35	\$2.20	\$0.00	10154.01.23830. Notice
3	9314 8699 0430 0112 1131 73	Featherstone Development Corporation PO BOX 429 ROSWELL NM 88201	\$1.59	\$4.35	\$2.20	\$0.00	10154.01.23830. Notice
4	9314 8699 0430 0112 1131 80	Broken Arrow Royalties LLC 11344 LOVINGTON HIGHWAY ARTESIA NM 88210	\$1.59	\$4.35	\$2.20	\$0.00	10154.01.23830. Notice
5	9314 8699 0430 0112 1131 97	Brazos Limited Partnership PO BOX 911 BRECKENRIDGE TX 76424	\$1.59	\$4.35	\$2.20	\$0.00	10154.01.23830. Notice
6	9314 8699 0430 0112 1132 03	Penroc Oil Corporation PO BOX 2769 HOBBS NM 88241	\$1.59	\$4.35	\$2.20	\$0.00	10154.01.23830. Notice
7	9314 8699 0430 0112 1132 10	Rocking H. Holdings, Ltd. 3571 FAR WEST BOULEVARD, PMB 100 AUSTIN TX 78731	\$1.59	\$4.35	\$2.20	\$0.00	10154.01.23830. Notice
8	9314 8699 0430 0112 1132 27	JKV Corporation 8601 WEST CRPSS DROVE #F5-208 LITTLETON CO 80123	\$1.59	\$4.35	\$2.20	\$0.00	10154.01.23830. Notice
9	9314 8699 0430 0112 1132 34	State of New Mexico Commissioner of Public Lands PO BOX 1148 SANTA FE NM 87504	\$1.59	\$4.35	\$2.20	\$0.00	10154.01.23830. Notice
Totals:			\$14.31	\$39.15	\$19.80	\$0.00	
				Grand Total:		\$73.26	

List Number of Pieces  
Listed by Sender

Total Number of Pieces  
Received at Post Office

Postmaster:  
Name of receiving employee

Dated:

9





Transaction Report Details - CertifiedPro.net  
 Firm Mail Book ID= 252326  
 Generated: 10/2/2023 8:32:34 AM

USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300112113234	2023-09-14 12:43 PM	10154.01.23830.	State of New Mexico	Commissioner of Public Lands	SANTA FE	NM	87504	Delivered	Return Receipt - Electronic, Certified Mail	2023-09-18 10:34 AM
9314869904300112113227	2023-09-14 12:43 PM	10154.01.23830.	JKV Corporation		LITTLETON	CO	80123	Delivered	Return Receipt - Electronic, Certified Mail	
9314869904300112113210	2023-09-14 12:43 PM	10154.01.23830.	Rocking H. Holdings, Ltd.		AUSTIN	TX	78731	Delivered	Return Receipt - Electronic, Certified Mail	2023-09-21 10:49 AM
9314869904300112113203	2023-09-14 12:43 PM	10154.01.23830.	Penroc Oil Corporation		HOBBS	NM	88241	Delivered	Return Receipt - Electronic, Certified Mail	2023-09-19 12:57 PM
9314869904300112113197	2023-09-14 12:43 PM	10154.01.23830.	Brazos Limited Partnership		BRECKENRIDGE	TX	76424	Delivered	Return Receipt - Electronic, Certified Mail	2023-09-18 9:44 AM
9314869904300112113180	2023-09-14 12:43 PM	10154.01.23830.	Broken Arrow Royalties LLC		ARTESIA	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	2023-09-19 11:28 AM
9314869904300112113173	2023-09-14 12:43 PM	10154.01.23830.	Featherstone Development Corporation		ROSWELL	NM	88201	Delivered	Return Receipt - Electronic, Certified Mail	2023-09-18 12:00 AM
9314869904300112113166	2023-09-14 12:43 PM	10154.01.23830.	The Taurus Corporation		LITTLE ELM	TX	75068	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300112113159	2023-09-14 12:43 PM	10154.01.23830.	TH McElvain Oil & Gas, LLLP		Lakewood	CO	80401	Delivered	Return Receipt - Electronic, Certified Mail	

EXHIBIT

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LEGAL NOTICE  
September 20, 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  
September 20, 2023  
and ending with the issue dated  
September 20, 2023.



Publisher

Sworn and subscribed to before me this  
20th day of September 2023.



Business Manager

My commission expires  
January 29, 2027

(Seal) STATE OF NEW MEXICO  
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 publication has been made.

**CASE NO. 23829:** Notice to all affected parties, as well as heirs and devisees of: TH McElvain Oil & Gas, LLLP; Featherstone Development Corporation; Broken Arrow Royalties; State of New Mexico by and through its Commissioner of Public Lands of the Application of Franklin Mountain Energy 3, LLC for compulsory pooling and notice of overlapping unit, 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 **October 5, 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 pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2W/2 of Sections 24 and 25 and the NW/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Satellite State Com 701H and Satellite State Com 801H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. The spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico. 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 wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

**CASE NO. 23830:** Notice to all affected parties, as well as heirs and devisees of: TH McElvain Oil & Gas, LLLP; The Taurus Corporation; Featherstone Development Corporation; Broken Arrow Royalties LLC; Brazos Limited Partnership; Penroc Oil Corporation; Rocking H. Holdings, Ltd.; JKV Corporation; State of New Mexico by and through its Commissioner of Public Lands of the Application of Franklin Mountain Energy 3, LLC for compulsory pooling and notice of overlapping unit, 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 **October 5, 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 pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 24 and 25 and the NE/NW of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Satellite State Com 702H and Satellite State Com 802H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. The spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico. 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 wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

**CASE NO. 23831:** Notice to all affected parties, as well as heirs and devisees of: TH McElvain Oil & Gas, LLLP; Slash Exploration LP; Featherstone Development Corporation; Maroon Creek LLC; The Taurus Corporation; Broken Arrow Royalties LLC; Blue Ridge Royalties, LLC; Rocking H. Holdings, Ltd.; Armstrong Energy Corporation; Chimney Rock Oil & Gas, LLC; JKV Corporation; State of New Mexico, by and through its Commissioner of Public Lands of the Application of Franklin Mountain Energy 3, LLC for compulsory pooling and notice of overlapping unit, 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 **October 5, 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 pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2E/2 of Sections 24 and 25 and the NW/NE of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Satellite State Com 703H and Satellite State Com 803H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. The spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M. Lea County, New Mexico. 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 wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

**CASE NO. 23832:** Notice to all affected parties, as well as heirs and devisees of: TH McElvain Oil & Gas, LLLP; Slash Exploration LP; Featherstone Development Corporation; Maroon Creek LLC; The Taurus Corporation; Broken Arrow Royalties LLC; Blue Ridge Royalties, LLC; Rocking H. Holdings, Ltd.; Armstrong Energy Corporation; Chimney Rock Oil & Gas, LLC; JKV Corporation; State of New Mexico, by and through its Commissioner of Public Lands of the Application of Franklin Mountain Energy 3, LLC for compulsory pooling and notice of overlapping unit, 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 **October 5, 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 pooling all uncommitted mineral interests within a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2E/2 of Sections 24 and 25 and the NE/NE of Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Satellite State Com 704H and Satellite State Com 804H wells**, to be horizontally drilled. The producing area for the wells is expected to be orthodox. The spacing unit proposed in this application will partially overlap a spacing unit in Section 36, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. 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 wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

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EXHIBIT

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OCD Examiner Hearing 10-05-23

No. 23830

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

**APPLICATIONS OF FRANKLIN MOUNTAIN  
ENERGY 3, LLC FOR COMPULSORY POOLING  
AND NOTICE OF OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NOS. 23829 & 23830  
(Satellite W/2 Wolfcamp)**

**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 (“Franklin”), 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 Franklin includes the area of Lea County in New Mexico.
3. I am familiar with the applications filed by Franklin in these cases.
4. **Exhibit C.1** is a locator map showing the approximate location of the proposed units in relation to the Capitan Reef.
5. **Exhibit C.2** is a wellbore schematic showing Franklin’s development plan for Sections 24, 25 and 36, Township 18 South, Range 34 East. Franklin has submitted a total of four applications to cover these sections as follows: Case Nos. 23829 and 23830 (W/2 Wolfcamp wells) and Case Nos. 23831 and 23832 (E/2 Wolfcamp wells).



6. In these two cases, Franklin is proposing four Wolfcamp wells as follows: Case No. 23829—Satellite State Com 701H and Satellite State Com 801H (W/2/W/2) and Case No. 23830—Satellite State Com 702H and Satellite State Com 802H (E/2W/2).

7. **Exhibit C.3** through **Exhibit C.6** are the geology study I prepared of the Wolfcamp A formation. The Satellite State Com 701H and Satellite State Com 702H wells are Wolfcamp A wells.

8. **Exhibit C.3** is a structure map of the Wolfcamp A formation. The proposed W/2W/2 unit is identified by a blue box and the proposed E/2W/2 unit is identified by a red box. The two Wolfcamp A wells proposed in these cases are the black-dashed lines. The contour interval used in this exhibit is 25 feet. This exhibit shows that the structure dips to the south.

9. **Exhibit C.4** is a cross-section reference map that identifies five wells in the vicinity of the proposed Wolfcamp A wells, shown by a line of cross-section running from A to A'.

10. **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 wells fall within the wells I used for the cross-section.

11. In my opinion, the gross interval thickness for the Wolfcamp A formation decreases slightly to the south.

12. **Exhibit C.6** is an Isopach map of the Wolfcamp A formation. The gross interval decreases slightly to the south.

13. **Exhibit C.7** through **Exhibit C.10** are the geology study I prepared of the Wolfcamp B formation. The Satellite State Com 801H and Satellite State Com 802H wells are Wolfcamp B wells.

14. **Exhibit C.7** is structure map of the Wolfcamp B formation. The proposed W/2W/2 unit is identified by a blue box and the proposed E/2W/2 unit is identified by a red box. The two Wolfcamp B wells proposed in these two case are the black-dashed lines. The contour interval used in this exhibit is 25 feet. This exhibit shows that the structure dips to the south.

15. **Exhibit C.8** is a cross-section reference map that identifies five wells in the vicinity of the proposed Wolfcamp B wells, shown by a line of cross-section running from A to A'.

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

17. In my opinion, the gross interval thickness for the Wolfcamp B formation decreases slightly to the south.

18. **Exhibit C.10** is an Isopach map of the Wolfcamp B formation. The gross interval thickness decreases to the south.

19. 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.

20. **Exhibit C.11** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

21. 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.

22. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

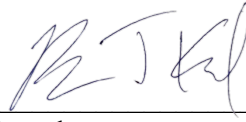
23. In my opinion, the granting of Franklin's application is in the interests of conservation and the prevention of waste.

24. 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: September 29th, 2023



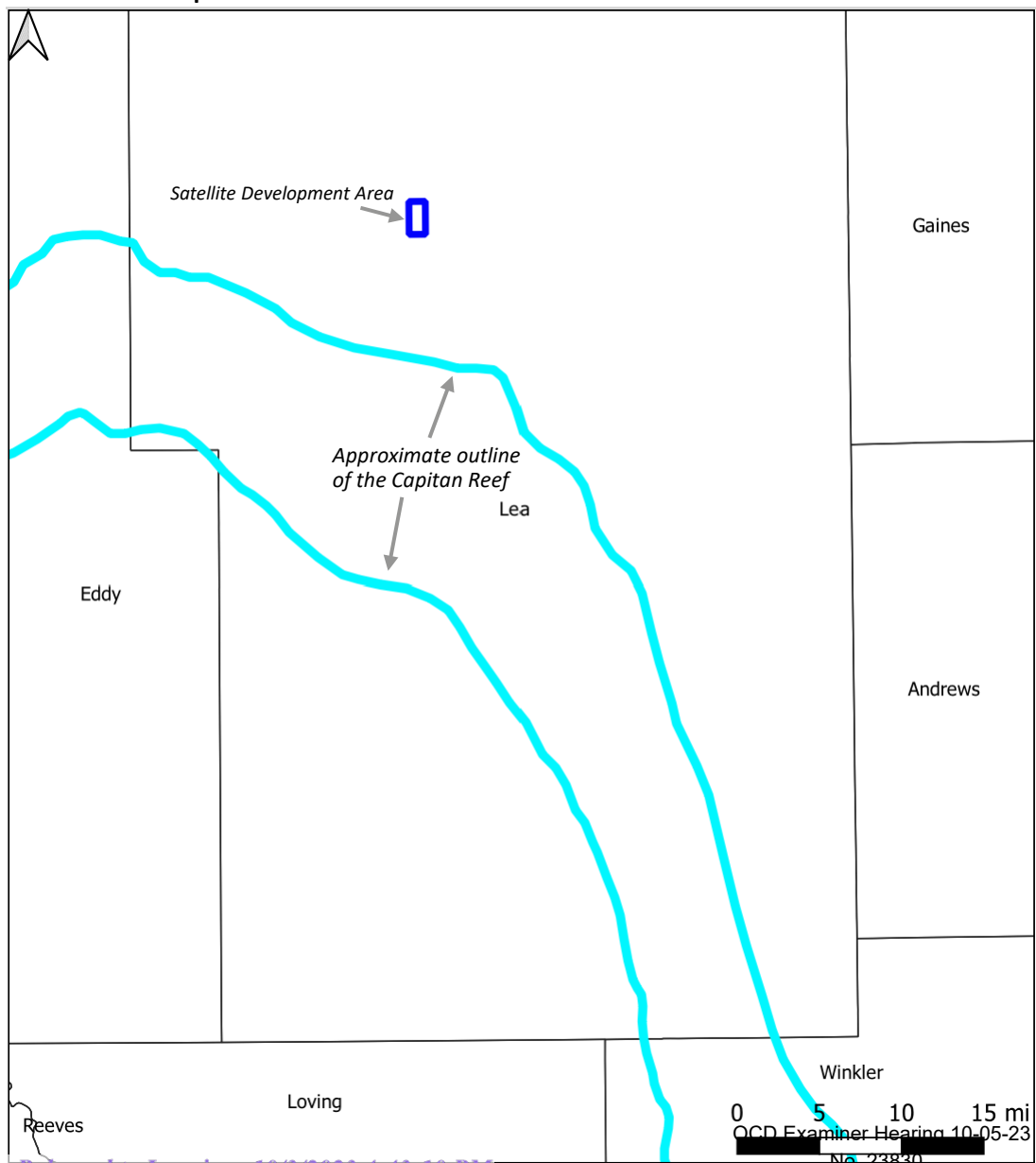
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Ben Kessel

# Satellite Development



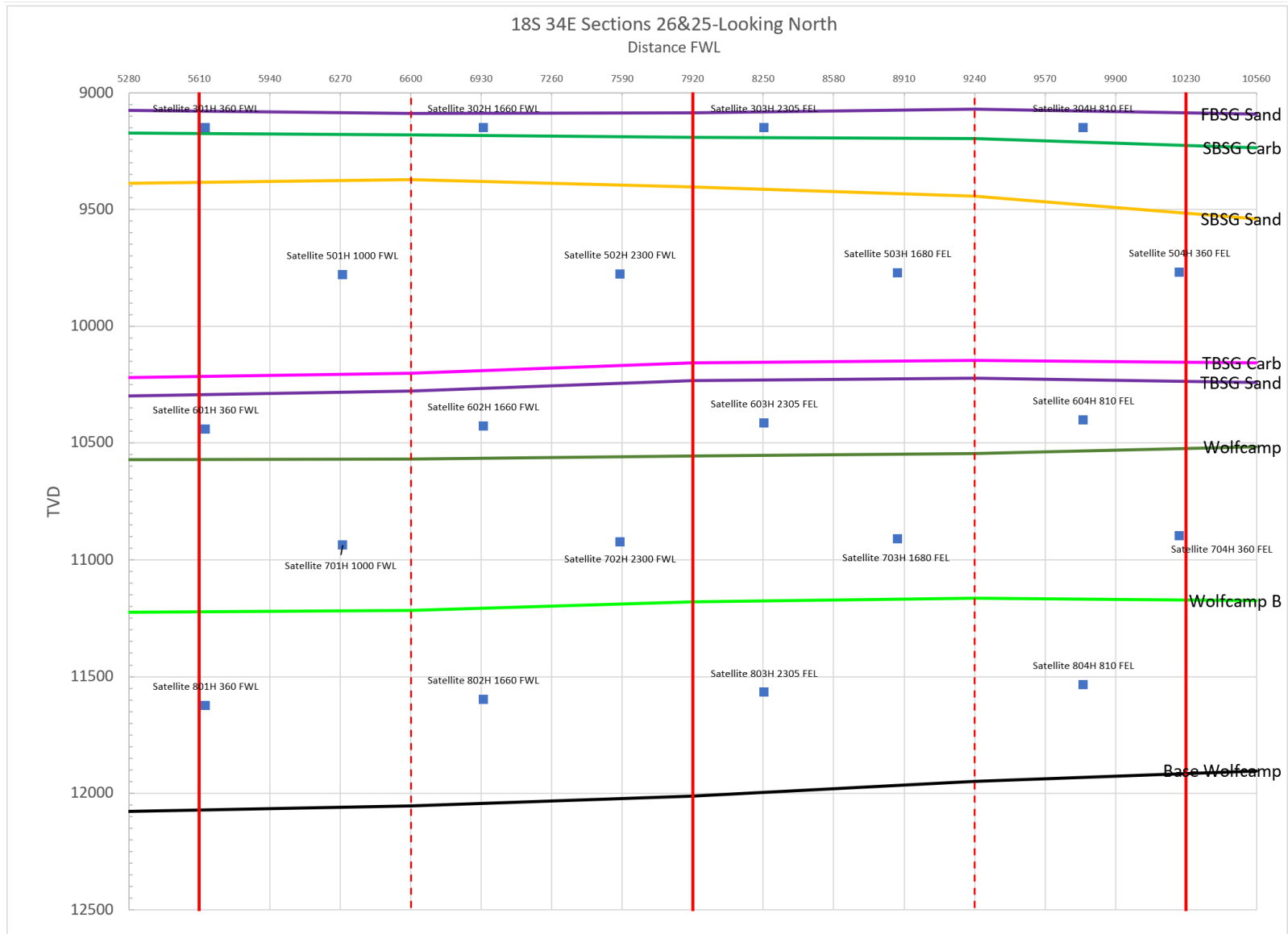
## Locator Map



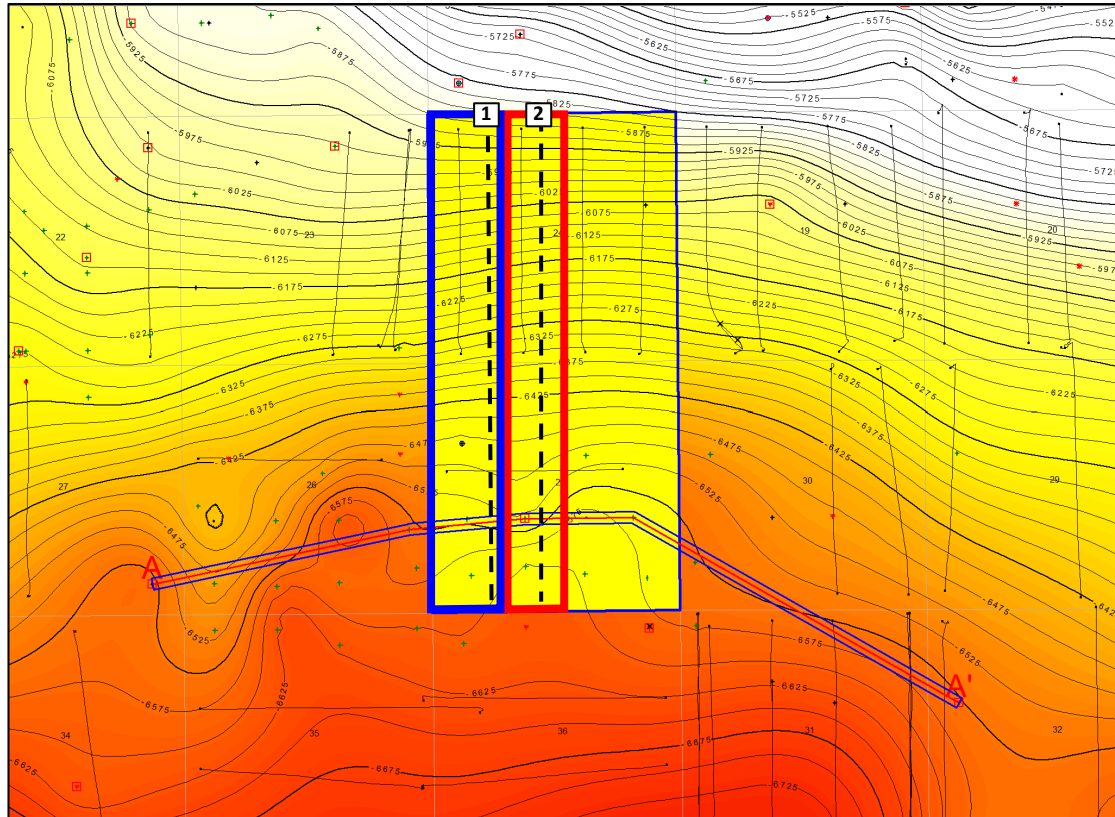
- Black box shows the location of Satellite development area
- Planned wells are located outside of the eastern edge of the Capitan Reef






# Wellbore Schematic





OCD Examiner Hearing 10-05-23



-  Franklin Mountain Acreage
-  W2/W2 Wolfcamp Spacing Unit
-  E2/W2 Wolfcamp Spacing Unit

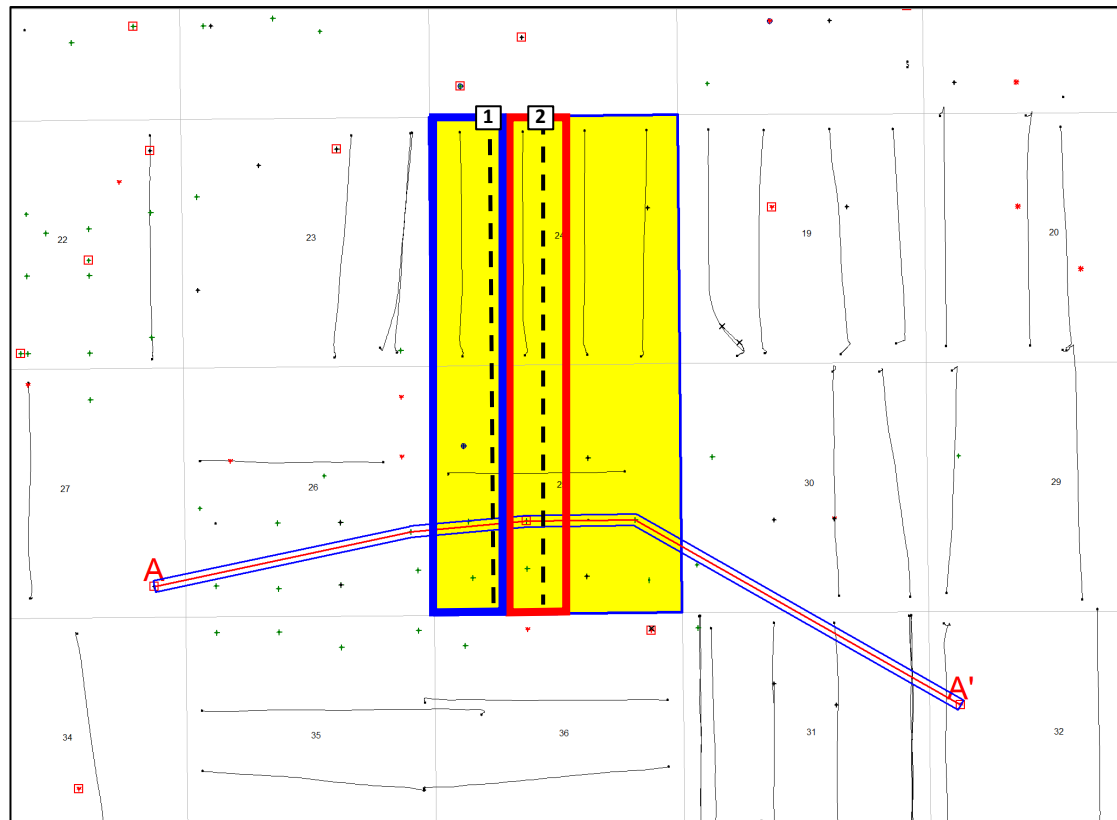
Proposed Horizontal Location

-  Satellite State Com 701H
-  Satellite State Com 702H

All wells shown

1 mile

# Cross Section Reference Map



All wells shown

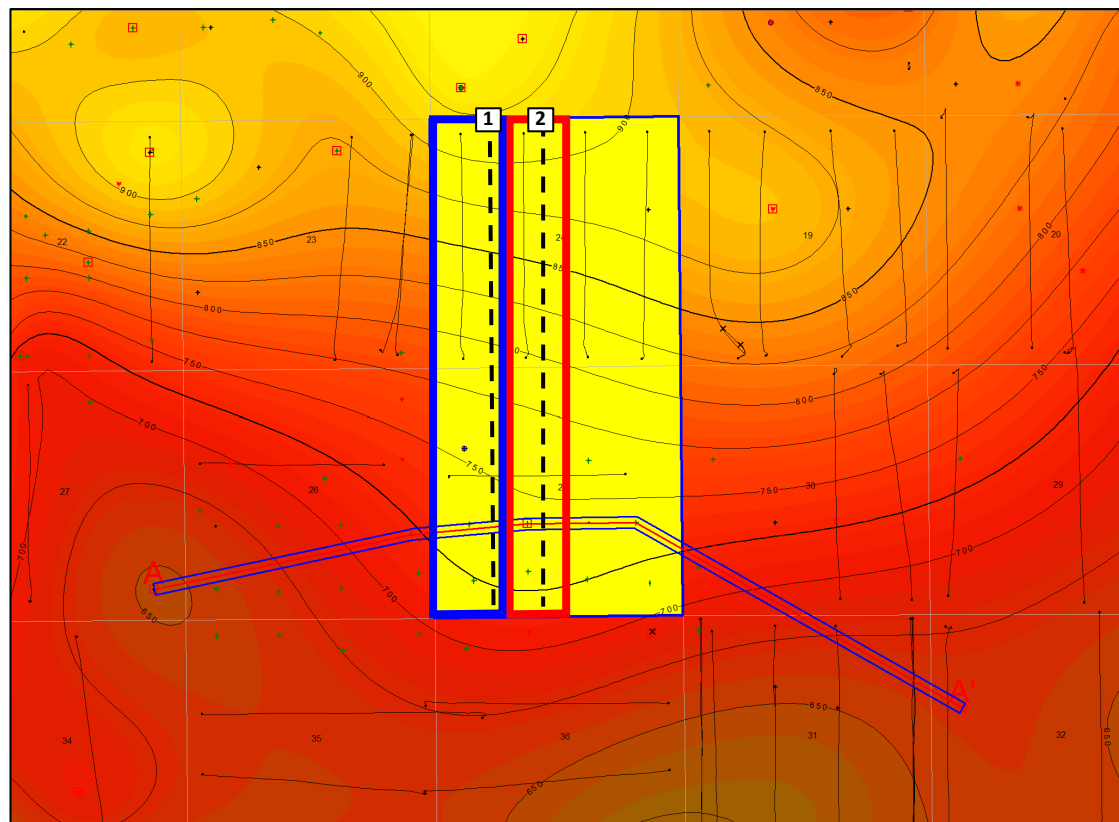
1 mile

- Franklin Mountain Acreage
- W2/W2 Wolfcamp Spacing Unit
- E2/W2 Wolfcamp Spacing Unit

Proposed Horizontal Location

- 1 Satellite State Com 701H
- 2 Satellite State Com 702H





- Franklin Mountain Acreage
- W2/W2 Wolfcamp Spacing Unit
- E2/W2 Wolfcamp Spacing Unit

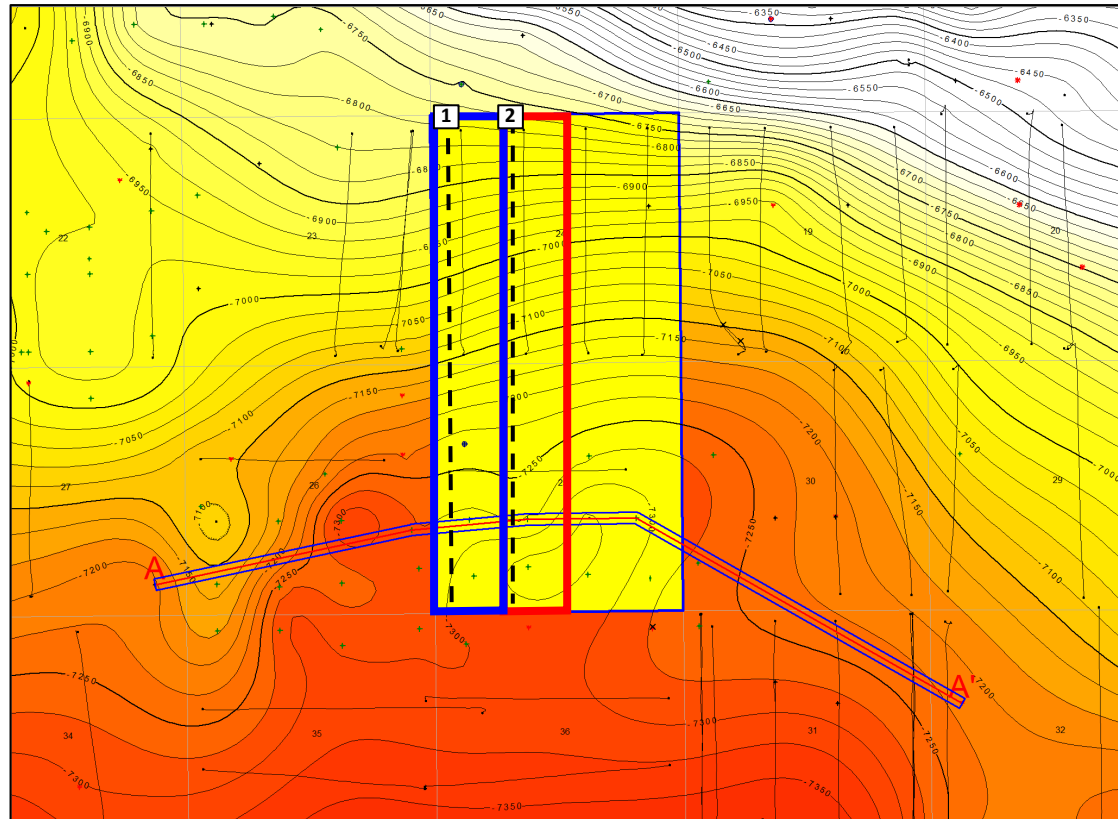
Proposed Horizontal Location

- 1 Satellite State Com 701H
- 2 Satellite State Com 702H

All wells shown

1 mile

**Exhibit C-6**



- Franklin Mountain Acreage
- W2/W2 Wolfcamp Spacing Unit
- E2/W2 Wolfcamp Spacing Unit

Proposed Horizontal Location

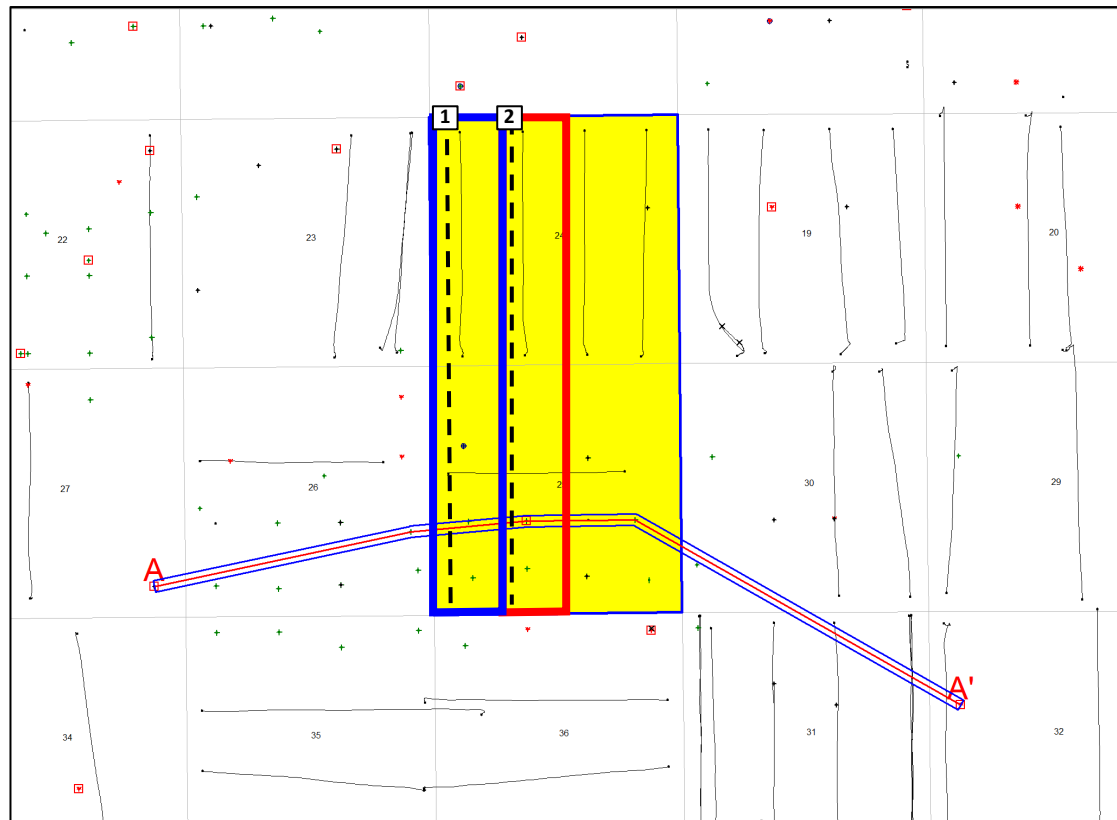
- 1 Satellite State Com 801H
- 2 Satellite State Com 802H

All wells shown

1 mile




**Exhibit C-7**

# Cross Section Reference Map





All wells shown

1 mile

-  Franklin Mountain Acreage
-  W2/W2 Wolfcamp Spacing Unit
-  E2/W2 Wolfcamp Spacing Unit

Proposed Horizontal Location

-  Satellite State Com 801H
-  Satellite State Com 802H

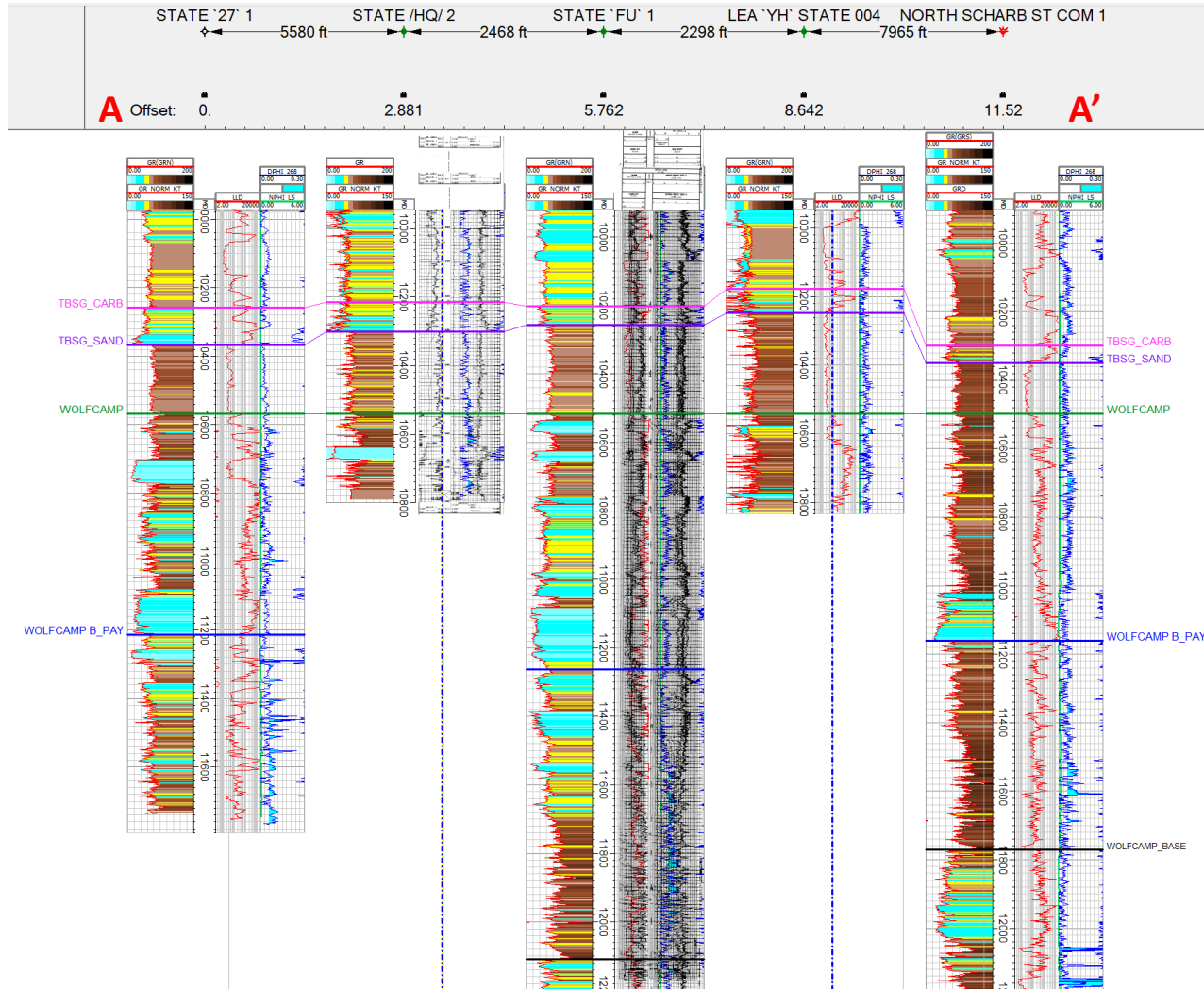
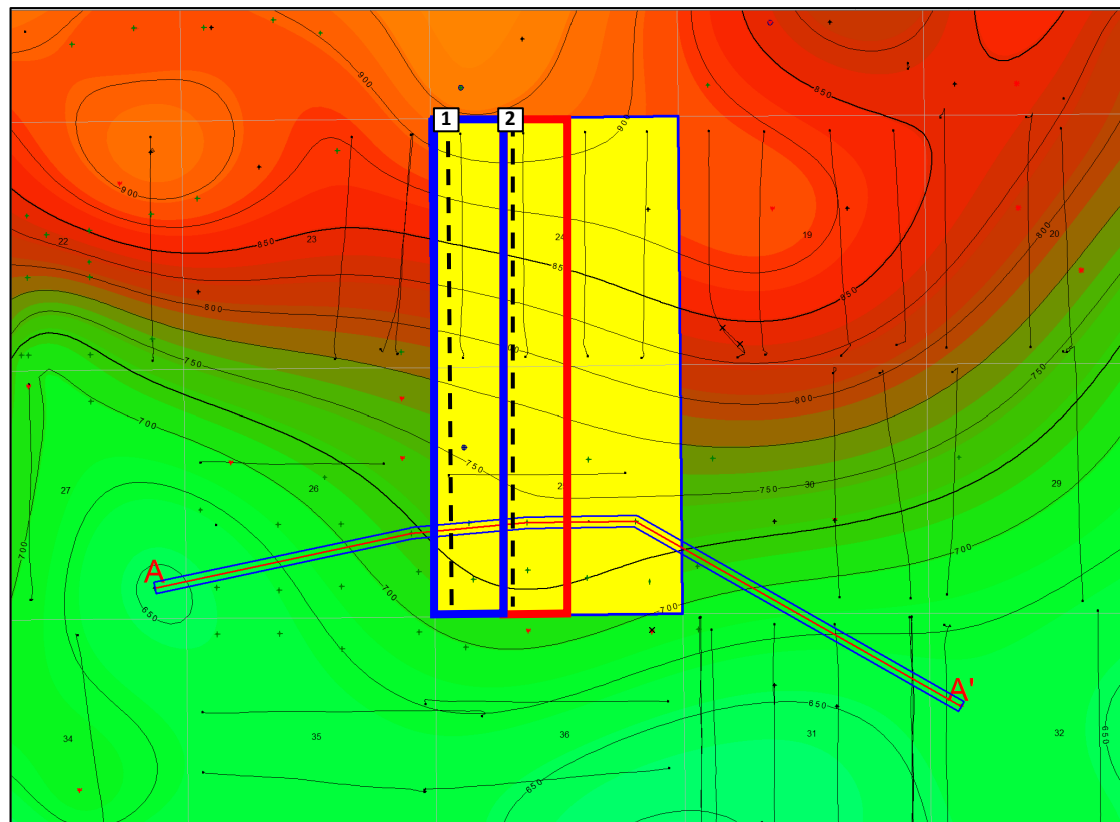


Exhibit C-9

801H & 802H



# Wolfcamp B Isopach Map



- Franklin Mountain Acreage
- W2/W2 Wolfcamp Spacing Unit
- E2/W2 Wolfcamp Spacing Unit

Proposed Horizontal Location

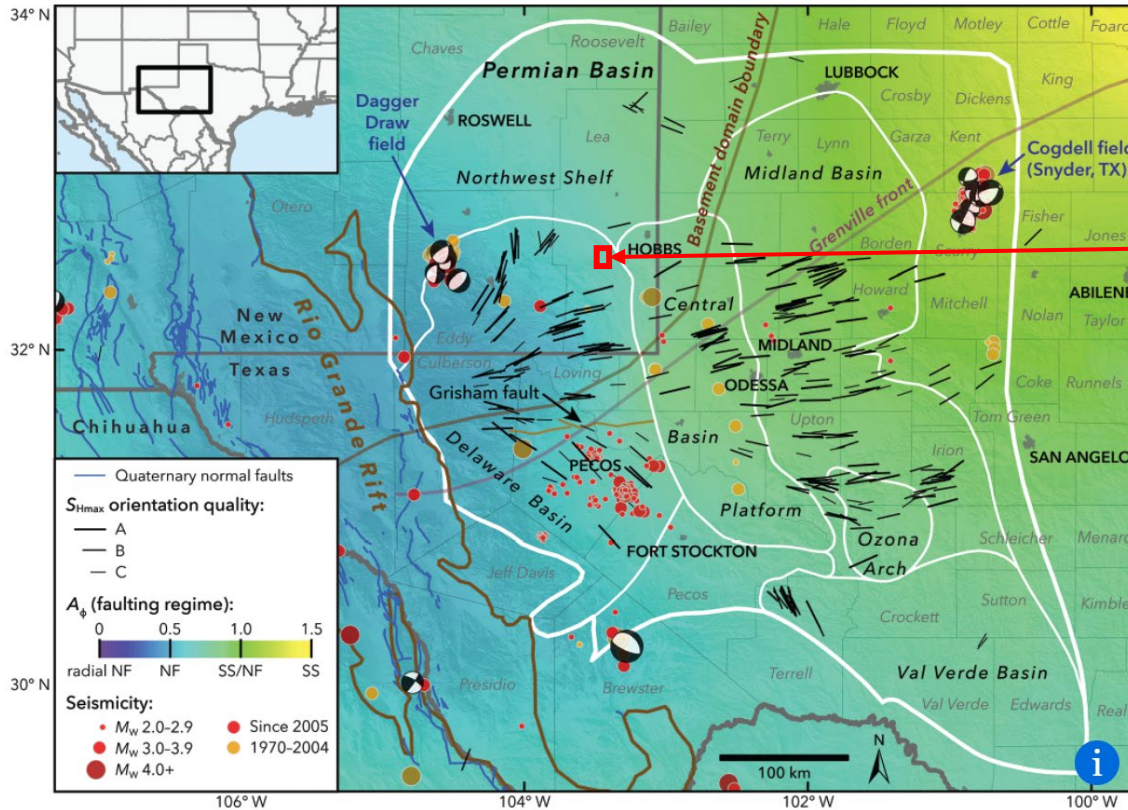
- 1 Satellite State Com 801H
- 2 Satellite State Com 802H

All wells shown

1 mile

Exhibit C-10

## Regional Stress



- Red box shows the approximate location of the Satellite development
- Reported local  $S_{hmax}$  (Snee and Zoback, 2018) direction is ENE, around  $255^\circ$
- Wells in the Satellite development are 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](http://www.tleonline.org/theleadingedge/february_2018/MobilePagedArticle.action?articleId=1331603#articleId1331603)