



Before the Oil Conservation Division
Examiner Hearing May 16th, 2024

Compulsory Pooling

**Case No. 24465: Eagle State Com 304H, Eagle
State 504H**

**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
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 24465

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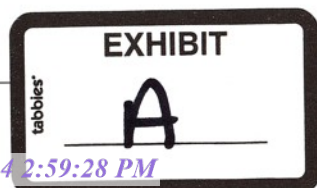
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COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 24465	APPLICANT'S RESPONSE
Date	May 16, 2024
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, Lea County, New Mexico.
Entries of Appearance/Intervenors:	None.
Well Family	Eagle State Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Scharb; Bone Spring Pool, (Code 55610)
Well Location Setback Rules:	State-Wide Rules Apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	319.59-acres
Building Blocks:	80-Acres (Note: OCD pool code spreadsheet stats that the Scharb; Bone Spring Pool has 80-acre building blocks, which is likely superceded by statewide rules. In any event, even with the 80-acre building blocks, the unit is standard.)
Orientation:	North/South
Description: TRS/County	Lot 1, SE/4 NE/4, and E/2 SE/4 of irregular Section 3 (E/2 E/2 equivalent), and the E/2 E/2 of Section 10, Township 19 South, Range 35 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.
Other Situations	
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.3
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 304H	API No. Pending SHL: 578' FNL & 1321' FEL, (Lot 1), Section 3, T19S, R35E BHL: 100' FSL & 980' FEL, (Unit P) Section 10, T19S, R35E Completion Target: First Bone Spring (Approx. 9,217' TVD) Orientation: North/South



Well #2: Eagle State Com 504H	API No. <i>Pending</i> SHL: 578' FNL & 1291' FEL, (Lot 1), Section 3, T19S, R35E BHL: 100' FSL & 600' FEL, (Unit P) Section 10, T19S, R35E Completion Target: Second Bone Spring (Approx. 9,619' TVD) Orientation: North/South
Horizontal Well First and Last Take Points	See Exhibit B.2
Completion Target (Formation, TVD and MD)	See Exhibit B.6
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$9,000.00
Production Supervision/Month \$	\$900.00
Justification for Supervision Costs	See Exhibit B Paragraph 24
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit D.1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D.2 and D.3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D.4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B.3
Tract List (including lease numbers and owners)	Exhibit B.3
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)	Exhibit B.5
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit B.6
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.3
Chronology of Contact with Non-Joined Working Interests	Exhibit B.4
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.1
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.1
Well Orientation (with rationale)	Exhibit C.11
Target Formation	Exhibit C.3 to C.6; C.7 to C.10
HSU Cross Section	Exhibit C.4; C.8
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	See Exhibit B.2
Tracts	Exhibit B.3

Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.3
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibit C.2
Structure Contour Map - Subsea Depth	Exhibit C.3; C.7
Cross Section Location Map (including wells)	Exhibit C.4; C.8
Cross Section (including Landing Zone)	Exhibit C.5; C.9
Additional Information	
Special Provisions/Stipulations	N/A
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):	/s/ Deana M. Bennett
Date:	5/13/2024

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24465

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

AFFIDAVIT OF DON JOHNSON

Don Johnson, being duly sworn, deposes and states 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 application filed by Franklin 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 wells to be drilled in the unit.



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. In this case, Franklin seeks an order from the Division pooling all uncommitted mineral interests within a 319.59-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 1, SE/4 NE/4, and E/2 SE/4 of irregular Section 3 (E/2 E/2 equivalent), and the E/2 E/2 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

9. This spacing unit will be dedicated to the Eagle State Com 304H and Eagle State Com 504H wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.

10. Attached as **Exhibit B.2** is the proposed C-102s for the wells.

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

12. The wells will develop the Scharb; Bone Spring Pool, (Code 55610).

13. The Scharb; Bone Spring Pool is an oil pool with 80-acre building blocks.

14. The pool is governed by the state-wide horizontal well rules.

15. The producing area for the wells is expected to be orthodox.

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

17. **Exhibit B.3** includes a lease tract map outlining the unit being pooled. Exhibit B.3 also includes the parties being pooled, the nature, and the percent of their interests.

18. 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 working interest owners well proposals, including the Authorizations for Expenditure.

19. In my opinion, Franklin has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

20. **Exhibit B.4** is a summary of my contacts with the working interest owners.

21. **Exhibit B.5** is a list of the parties being pooled for this case.

22. **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 wells.

23. **Exhibit B.7** contains the Authorization for Expenditure for the proposed wells. The estimated cost 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.

24. Franklin requests overhead and administrative rates of \$9,000 month for drilling the wells and \$900 month for the producing wells. 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.

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

26. Franklin requests that it be designated operator of the wells.

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

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

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

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

[Signature page follows]

Dated: May 8, 2024



Don Johnson


State of Colorado

County of Denver

This record was acknowledged before me on May 8th, 2024, by _____
Don Johnson

[Stamp]





Notary Public in and for the
State of Colorado
Commission Number: 20204018559

My Commission Expires: 5/27/24

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24465

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 319.59-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 1, SE/4 NE/4, and E/2 SE/4 of irregular Section 3 (E/2 E/2 equivalent), and the E/2 E/2 of Section 10, Township 19 South, Range 35 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 wells thereon.
2. Franklin seeks to dedicate the spacing unit to the **Eagle State Com 304H** and **Eagle State Com 504H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.
3. The producing area for the wells is expected to be orthodox.
4. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.
5. The pooling of all interests in the Bone Spring 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 May 2, 2024 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within Lot 1, SE/4 NE/4, and E/2 SE/4 of irregular Section 3 (E/2 E/2 equivalent), and the E/2 E/2 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 wells;

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 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

Yarithza Peña

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

edebrine@modrall.com

deana.bennett@modrall.com

yarithza.pena@modrall.com

Attorneys for Franklin Mountain Energy 3, LLC

CASE NO. 24465 : Application of Franklin Mountain Energy 3, LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.59-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 1, SE/4 NE/4, and E/2 SE/4 of irregular Section 3 (E/2 E/2 equivalent), and the E/2 E/2 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 304H** and **Eagle State Com 504H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. 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 wells. Said area is located approximately 15 miles west of Hobbs, New Mexico.

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 55610	³ Pool Name SCHARRB:BONE SPRING
⁴ Property Code	⁵ Property Name EAGLE STATE COM	⁶ Well Number 504H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3824.4'

¹⁰ Surface Location									
UL or lot no. 1	Section 3	Township 19S	Range 35E	Lot Idn	Feet from the 578	North/South line NORTH	Feet from the 1291	East/West line EAST	County LEA

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. P	Section 10	Township 19S	Range 35E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 600	East/West line EAST	County LEA
¹² Dedicated Acres 319.59	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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

LINE TABLE

LINE	DIRECTION	LENGTH
L1	S89°41'57"W	2647.66'

NOTE:

- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)
- Section breakdown information for this plat may be obtained from Uintah Engineering & Land Surveying.

● = SURFACE HOLE LOCATION
○ = BOTTOM HOLE LOCATION
▲ = SECTION CORNER LOCATED
△ = SECTION CORNER (Not Set on Ground.)

¹⁷ OPERATOR CERTIFICATION

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

Signature: *Rachael Overbey* Date: 11/27/2023

Printed Name: Rachael Overbey

E-mail Address: roverbey@fmlc.com

¹⁸ SURVEYOR CERTIFICATION

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

October 17, 2023

Date of Survey

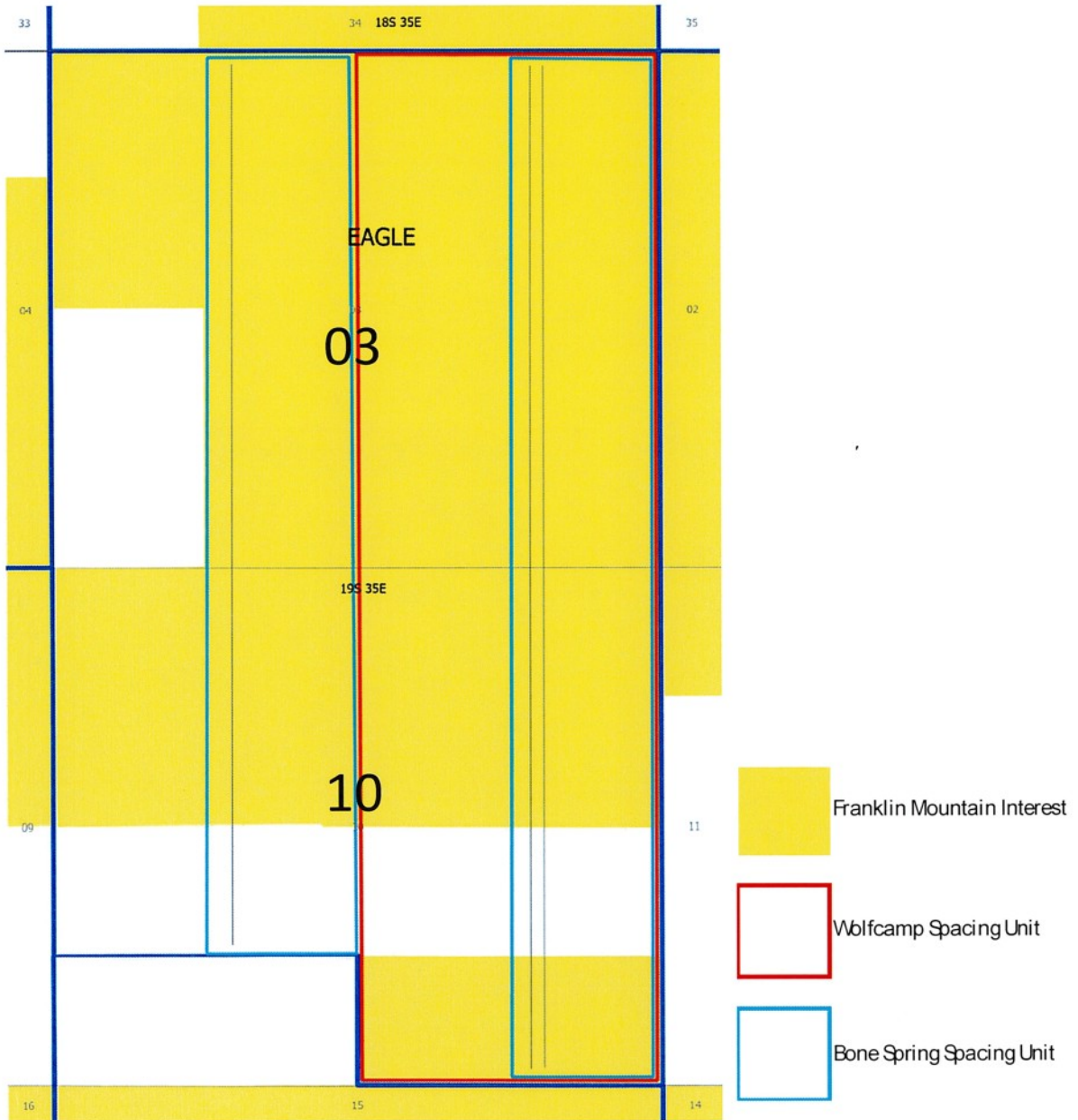
Signature and Seal of Professional Surveyor:

PAUL BUCHELE
NEW MEXICO
23782
11-09-23
PROFESSIONAL SURVEYOR

Certificate Number:

Development Overview

Case Nos. 24465



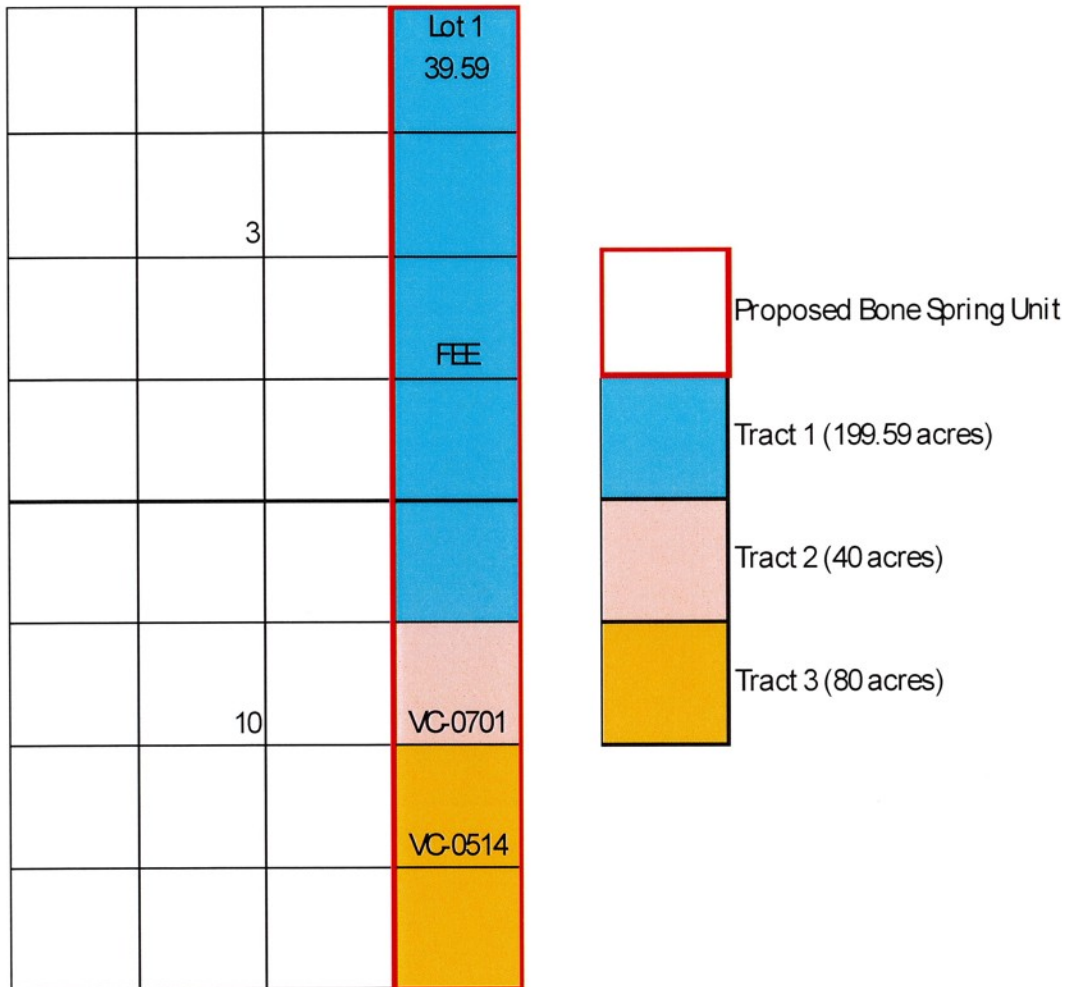
1 mile

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No. 24465

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Lease Tract Map
Case No. 24465
E2E2 of Section 3 & 10-T19S-R35E, 319.59 Acres
Eagle State Com 304H, Eagle State Com 504H



Summary of Interests
Case No. 24465
E2E2 of Section 3 & 10-T19S-R35E, 319.59 Acres
Eagle State Com 304H, Eagle State Com 504H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	81.225946%
Uncommitted Working Interest	
Northern Oil and Gas, Inc.	12.516036%
Marshall & Winston, Inc.	6.258018%
Total:	100.000000%



Unit Recapitulation
Case No. 24465
E2E2 of Section 3 & 10-T19S-R35E, 319.59 Acres
Eagle State Com 304H, Eagle State Com 504H

			Lot 1 39.59
	3		
			FEE
	10		VC-0701
			VC-0514

Tract	Lease
1	FEE
2	VC-0701
3	VC-0514

Committed Working Interest	
Franklin Mountain Energy 3, LLC	81.225946%
Uncommitted Working Interest	
Northern Oil and Gas, Inc.	12.516036%
Marshall & Winston, Inc.	6.258018%
Total:	100.000000%



Summary of Contacts (W/2E/2: Case Nos. 24465)

- 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 20, 2024.
- 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 owners, which I have outlined in the chart below.
- Franklin filed the application to force pool unleased mineral 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
Marshall & Winston, Inc.	WI	2/20/2024	2/24/2024	Elected to Participate
Northern Oil and Gas, Inc.	WI	2/20/2024	2/23/2024	Elected to Participate



Name	Street	City	State	Zip	Ownership Type
Marshall & Winston, Inc.	P.O. Box 50880	Midland	TX	79710	WI
Northern Oil and Gas, Inc.	4350 Baker Road, Ste 400	Minnetonka	MN	55343	WI





Sent via USPS: 9405536105536323988814

February 8, 2024

Northern Oil and Gas, Inc.
 4350 Baker Road, Ste 400
 Minnetonka, MN 55343
 Attn: Land Dept, Permian Basin

RE: **Well Proposals**
 Township 19 South, Range 35 East
 Section 3: Lot 1, SENE, E2SE
 Section 10: E2E2
 Bone Spring Formation
 Lea County, New Mexico
 319.59 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 304H	1BS	9,217'	19,217'	Sec 3-T19S-R35E 578 FNL 1321 FEL	Sec 10-T19S-R35E 100 FSL 980 FEL	\$11,183,950.44	N/A
Eagle State Com 504H	2BS	9,619'	19,619'	Sec 3-T19S-R35E 578 FNL 1291 FEL	Sec 10-T19S-R35E 100 FSL 600 FEL	\$11,183,950.44	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

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NO: 24465

EXHIBIT

tabbles

B. 6



- 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 Jon Rutledge at jrutledge@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 (303) 709-7007.

Respectfully,

Franklin Mountain Energy 3, LLC

Jon Rutledge
Landman



Eagle State Com 304H:

_____ I/We hereby elect to participate in the **Eagle State Com 304H** well.
_____ I/We hereby elect **NOT** to participate in the **Eagle State Com 304H** well.

Eagle State Com 504H:

_____ I/We hereby elect to participate in the **Eagle State Com 504H** well.
_____ I/We hereby elect **NOT** to participate in the **Eagle State Com 504H** well.

Owner: Northern Oil and Gas, Inc.

By: _____

Printed Name: _____

Title: _____

Date: _____



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

FRANKLIN MOUNTAIN ENERGY AUTHORITY FOR EXPENDITURE

Well Name: Eagle State Com 304H
Location: SHL: Sec 3-T19S-R35E 578 FNL 1321 FEL
BHL: Sec 10-T19S-R35E 100 FSL 980 FEL
Operator: Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 10,000' IBS well.
TVD 9,217', MD 19,217'.

Well #: 304H
County/State: Lea Co., NM
Date Prepared: 1/23/2024
AFE #: DCE240132

Intangible Drilling Costs				Intangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,000	240	5	ADMINISTRATIVE OVERHEAD	\$10,300
225	10	CASING CREW & EOPT	\$80,000	240	10	CASED HOLE LOGS & SURVEYS	\$7,500
225	15	CEMENTING INTERMEDIATE CASING	\$50,000	240	15	CASING CREW & EOPT	\$0
225	16	CEMENTING PRODUCTION CASING	\$150,000	240	20	COILED TUBING/SNUBBING UNIT	\$276,500
225	20	CEMENTING SURFACE CASING	\$50,000	240	25	COMMUNICATIONS	\$2,500
225	25	COMMUNICATIONS	\$40,000	240	30	COMPANY DIRECT LABOR	\$0
225	30	COMPLETION FLUIDS	\$6,000	240	35	COMPLETION/WORKOVER RIG	\$32,500
225	34	CONSTRUCTION/LOCATION & ROAD	\$45,000	240	45	CONTRACT LABOR/ROUSTABOUTS	\$25,000
225	40	CONTRACT LABOR	\$50,000	240	50	DAMAGES/RECLAMATION	\$500
225	45	DAMAGES	\$15,000	240	55	DISPOSAL SOLIDS	\$10,000
225	50	DAYWORK CONTRACT	\$653,000	240	60	ELECTRICAL POWER/GENERATION	\$0
225	55	DRILLING - DIRECTIONAL	\$300,000	240	62	ENGINEERING	\$3,600
225	60	DRILLING - FOOTAGE	\$120,000	240	65	ENVIRONMENTAL/CLEANUP	\$0
225	65	DRILLING BITS	\$140,000	240	70	FISHING TOOLS / SERVICES	\$0
225	70	ELECTRICAL POWER/GENERATION	\$0	240	71	FLUIDS/HAULING/DISPOSAL	\$110,000
225	75	ENGINEERING	\$20,000	240	72	FRAC WATER/COMPLETION FLUID	\$544,000
225	80	ENVIRONMENTAL SERVICES	\$250,000	240	75	FUEL, POWER/DIESEL	\$495,500
225	84	EQUIPMENT RENTAL DOWNHOLE	\$60,000	240	80	HEALTH & SAFETY	\$6,100
225	85	EQUIPMENT RENTAL	\$50,000	240	85	HOUSING AND SUPPORT SERVICES	\$9,500
225	90	FISHING TOOLS/SERVICES	\$0	240	90	MATERIALS & SUPPLIES	\$500
225	95	HEALTH & SAFETY	\$7,000	240	95	MISCELLANEOUS	\$0
225	100	HOUSING AND SUPPORT SERVICES	\$45,000	240	100	MUD & CHEMICALS	\$1,400
225	105	INSURANCE	\$1,700	240	110	P&A/TA COSTS	\$0
225	106	INSPECTIONS	\$15,000	240	115	PERFORATING/WIRELINE SERVICE	\$262,000
225	110	LEGAL, TITLE SERVICES	\$6,000	240	120	PIPE INSPECTION	\$0
225	115	MATERIALS & SUPPLIES	\$5,000	240	125	ROAD, LOCATIONS REPAIRS	\$11,000
225	120	MISCELLANEOUS	\$5,000	240	130	STIMULATION	\$2,365,000
225	125	MOUSE/RATHOLE/CONDUCT PIPE	\$31,000	240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$31,000
225	130	MUD & CHEMICALS	\$320,000	240	140	SUPERVISION	\$96,500
225	140	OPENHOLE LOGGING	\$0	240	145	SURFACE EQUIPMENT RENTAL	\$186,500
225	141	CASED HOLE LOGGING	\$0	240	150	TRANSPORTATION/TRUCKING	\$1,000
225	145	PERMITS, LICENSES, ETC	\$20,000	240	155	WATER TRANSFER	\$106,000
225	150	POWER FUEL & WATER HAULING	\$200,000	240	160	WELDING SERVICES	\$0
225	155	RIG MOVE & RACKING COSTS	\$91,500	240	165	WELL TESTING/FLOWBACK	\$93,600
225	160	RIG UP TEAR OUT & STANDBY	\$0	240	148	TAXES	\$0
225	163	SITE RESTORATION	\$10,000	240	40	CONTINGENCY COSTS 5%	\$281,280
225	165	STAKING & SURVEYING	\$6,000	Total Intangible Completion Costs:			\$4,969,280
225	170	SUPERVISION	\$85,000	Tangible Completion Costs			
225	175	SUPERVISION - GEOLOGICAL	\$39,000	Major	Minor	Description	Amount
225	180	TRANSPORTATION/TRUCKING	\$39,000	245	5	ARTIFICIAL LIFT	\$200,000
225	178	TAXES	\$165,506	245	15	FLOWLINES	\$0
225	35	CONTINGENCY COSTS 5%	\$150,460	245	25	FRAC STRING	\$0
Total Intangible Drilling Costs:			\$3,325,166	245	40	PACKERS/SLEEVES/PLUGS/IGL MANDRELS	\$40,000
Tangible Drilling Costs				245	45	PRODUCTION LINER	\$0
Major	Minor	Description	Amount	245	50	PRODUCTION PROCESSING FACILITY	\$0
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$380,000	245	55	PRODUCTION TUBING	\$90,000
230	20	PACKERS/SLEEVES/PLUGS	\$66,000	245	60	RODS/PUMPS	\$0
230	25	PRODUCTION CASING & ATTACHMENTS	\$699,177	245	65	SUBSURFACE EQUIPMENT	\$60,000
230	35	SURFACE CASING & ATTACHMENTS	\$169,740	245	75	WELLHEAD EQUIPMENT	\$142,700
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000	245	70	TAXES	\$29,299
230	40	TAXES	\$76,170	Total Tangible Completion Costs:			\$561,999
Total Tangible Drilling Costs:			\$1,461,087	Intangible Facility Costs			
Tangible Facility Costs				Major	Minor	Description	Amount
Major	Minor	Description	Amount	265	5	CONSULTING	\$9,500
270	10	FACILITY PIPE/VALVES/FITTINGS	\$147,000	265	12	COMPANY DIRECT LABOR	\$0
270	15	CONTAINMENT	\$0	265	20	DAMAGES/ROW/PERMITS, ETC	\$12,700
270	25	DEHYDRATION	\$0	265	22	PAD/ROAD CONSTRUCTION	\$30,000
270	30	PRIMARY POWER MATERIALS	\$14,400	265	25	ENGINEERING / SCIENCE	\$13,900
270	50	FLOWLINES / PIPELINE / HOOKUP	\$76,000	265	40	HEALTH/SAFETY/ENVIRONMENTAL	\$5,000
270	60	H2S TREATING EQUIPMENT	\$0	265	45	CONTRACT LABOR & SERVICES	\$0
270	65	SEPARATION EQUIPMENT	\$94,800	265	60	OVERHEAD	\$3,000
270	66	ROAD/LOCATION/FENCING/REPAIRS	\$0	265	80	SURVEY / PLATS / STAKINGS	\$800
270	75	PRE-FABRICATED SKIDS	\$0	265	85	TRANSPORTATION / TRUCKING	\$0
270	86	FACILITY SURFACE EQUIPMENT	\$75,400	265	83	TAXES	\$4,120
270	90	H2S SAFETY SYSTEM	\$4,000	265	10	CONTINGENCY COSTS 5%	\$3,745
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$57,000	Total Intangible Facility Costs:			\$82,765
270	110	TANKS & WALKWAYS	\$47,600	Office Use Only:			
270	130	MECHANICAL BATTERY BUILD	\$117,800				
270	132	EL&C BATTERY BUILD	\$47,000				
270	134	CONTROLS AND SCADA BATTERY BUILD	\$2,600				
270	136	PRIMARY POWER BUILD	\$15,100				
270	138	FLOWLINE INSTALLATION	\$43,500				
270	140	SIGNAGE	\$600				
270	125	TAXES	\$40,854				
Total Tangible Facility Costs:			\$783,654				
Total Drill:							
			\$4,786,253.44				
Total Completion:							
			\$5,531,278.50				
Total Facility:							
			\$866,418.50				
Total DC Intangible:							
			\$8,294,446.00				
Total DC Tangible:							
			\$2,023,085.94				
Total AFE:							
			\$11,183,950.44				

THIS AUTHORITY FOR EXPENDITURE IS BASED ON COST ESTIMATES. BILLING WILL REFLECT YOUR PROPORTIONATE SHARE OF THE ACTUAL INVOICE COSTS.

Operator: Franklin Mountain Energy 3, LLC
Approved By:
Craig R. Walters
Chief Executive Officer

Date: 1/23/2024

WI Owner: _____
Approved By: _____
Printed Name: _____

Date: _____
Title: _____

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

EXHIBIT

B.7



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

Well Name: Eagle State Com 504H
Location: SHL Sec 3-T19S-R35E 578 FNL 1291 FEL
BHL Sec 10-T19S-R35E 100 FSL 600 FEL
Operator: Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 10,000' 2BS well. TVD
9,619', MD 19,619'.

Well #: 504H
County/State: Lea Co., NM
Date Prepared: 1/23/2024
AFE #: DCE240134

Intangible Drilling Costs			Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,000
225	10	CASING CREW & EQPT	\$80,000
225	15	CEMENTING INTERMEDIATE CASING	\$50,000
225	16	CEMENTING PRODUCTION CASING	\$150,000
225	20	CEMENTING SURFACE CASING	\$50,000
225	25	COMMUNICATIONS	\$40,000
225	30	COMPLETION FLUIDS	\$6,000
225	34	CONSTRUCTION/LOCATION & ROAD	\$45,000
225	40	CONTRACT LABOR	\$50,000
225	45	DAMAGES	\$15,000
225	50	DAYWORK CONTRACT	\$653,000
225	55	DRILLING - DIRECTIONAL	\$300,000
225	60	DRILLING - FOOTAGE	\$120,000
225	65	DRILLING BITS	\$140,000
225	70	ELECTRICAL POWER/GENERATION	\$0
225	75	ENGINEERING	\$20,000
225	80	ENVIRONMENTAL SERVICES	\$250,000
225	84	EQUIPMENT RENTAL DOWNHOLE	\$60,000
225	85	EQUIPMENT RENTAL	\$50,000
225	90	FISHING TOOLS/SERVICES	\$0
225	95	HEALTH & SAFETY	\$7,000
225	100	HOUSING AND SUPPORT SERVICES	\$45,000
225	105	INSURANCE	\$1,700
225	106	INSPECTIONS	\$15,000
225	110	LEGAL, TITLE SERVICES	\$6,000
225	115	MATERIALS & SUPPLIES	\$5,000
225	120	MISCELLANEOUS	\$5,000
225	125	MOUSE/RATHOLE/CONDUCT PIPE	\$31,000
225	130	MUD & CHEMICALS	\$320,000
225	140	OPENHOLE LOGGING	\$0
225	141	CASED HOLE LOGGING	\$0
225	145	PERMITS, LICENSES, ETC	\$20,000
225	150	POWER FUEL & WATER HAULING	\$200,000
225	155	RIG MOVE & RACKING COSTS	\$91,500
225	160	RIG UP TEAR OUT & STANDBY	\$0
225	163	SITE RESTORATION	\$10,000
225	165	STAKING & SURVEYING	\$6,000
225	170	SUPERVISION	\$85,000
225	175	SUPERVISION - GEOLOGICAL	\$39,000
225	180	TRANSPORTATION/TRUCKING	\$39,000
225	178	TAXES	\$165,506
225	35	CONTINGENCY COSTS 5%	\$150,460
Total Intangible Drilling Costs:			\$3,325,166

Tangible Drilling Costs			Amount
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$380,000
230	20	PACKERS/SLEEVES/PLUGS	\$66,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$699,177
230	35	SURFACE CASING & ATTACHMENTS	\$169,740
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000
230	40	TAXES	\$76,170
Total Tangible Drilling Costs:			\$1,461,087

Tangible Facility Costs			Amount
270	10	FACILITY PIPE/VALVES/FITTINGS	\$147,000
270	15	CONTAINMENT	\$0
270	25	DEHYDRATION	\$0
270	30	PRIMARY POWER MATERIALS	\$14,400
270	50	FLOWLINES / PIPELINE / HOOKUP	\$76,000
270	60	H2S TREATING EQUIPMENT	\$0
270	65	SEPARATION EQUIPMENT	\$94,800
270	66	ROAD/LOCATION/FENCING/REPAIRS	\$0
270	75	PRE-FABRICATED SKIDS	\$0
270	86	FACILITY SURFACE EQUIPMENT	\$75,400
270	90	H2S SAFETY SYSTEM	\$4,000
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$57,000
270	110	TANKS & WALKWAYS	\$47,600
270	130	MECHANICAL BATTERY BUILD	\$117,800
270	132	EI&C BATTERY BUILD	\$47,000
270	134	CONTROLS AND SCADA BATTERY BUILD	\$2,600
270	136	PRIMARY POWER BUILD	\$15,100
270	138	FLOWLINE INSTALLATION	\$43,500
270	140	SIGNAGE	\$600
270	125	TAXES	\$40,854
Total Tangible Facility Costs:			\$783,654

Total Drill:	\$4,786,253.44
Total Completion:	\$5,531,278.50
Total Facility:	\$866,418.50
Total DC Intangible:	\$8,294,446.00
Total DC Tangible:	\$2,023,083.94

Total AFE:	\$11,183,950.44
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Intangible Completion Costs			Amount
240	5	ADMINISTRATIVE OVERHEAD	\$10,300
240	10	CASED HOLE LOGS & SURVEYS	\$7,500
240	15	CASING CREW & EQPT	\$0
240	20	COILED TUBING/SNUBBING UNIT	\$276,500
240	25	COMMUNICATIONS	\$2,500
240	30	COMPANY DIRECT LABOR	\$0
240	35	COMPLETION/WORKOVER RIG	\$32,500
240	45	CONTRACT LABOR/ROUSTABOUTS	\$25,000
240	50	DAMAGES/RECLAMATION	\$500
240	55	DISPOSAL SOLIDS	\$10,000
240	60	ELECTRICAL POWER/GENERATION	\$0
240	62	ENGINEERING	\$3,600
240	65	ENVIRONMENTAL/CLEANUP	\$0
240	70	FISHING TOOLS / SERVICES	\$0
240	71	FLUIDS/HAULING/DISPOSAL	\$110,000
240	72	FRAC WATER/COMPLETION FLUID	\$544,000
240	75	FUEL, POWER/DIESEL	\$495,500
240	80	HEALTH & SAFETY	\$6,100
240	85	HOUSING AND SUPPORT SERVICES	\$9,500
240	90	MATERIALS & SUPPLIES	\$500
240	95	MISCELLANEOUS	\$0
240	100	MUD & CHEMICALS	\$1,400
240	110	P&A/TA COSTS	\$0
240	115	PERFORATING/WIRELINE SERVICE	\$262,000
240	120	PIPE INSPECTION	\$0
240	125	ROAD, LOCATIONS REPAIRS	\$11,000
240	130	STIMULATION	\$2,365,000
240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$31,000
240	140	SUPERVISION	\$96,500
240	145	SURFACE EQUIP RENTAL	\$186,500
240	150	TRANSPORTATION/TRUCKING	\$1,000
240	155	WATER TRANSFER	\$106,000
240	160	WELDING SERVICES	\$0
240	165	WELL TESTING/FLOWBACK	\$93,600
240	148	TAXES	\$0
240	40	CONTINGENCY COSTS 5%	\$281,280
Total Intangible Completion Costs:			\$4,969,280

Tangible Completion Costs			Amount
245	5	ARTIFICIAL LIFT	\$200,000
245	15	FLOWLINES	\$0
245	25	FRAC STRING	\$0
245	40	PACKERS/SLEEVES/PLUGS/GL MANDRELS	\$40,000
245	45	PRODUCTION LINER	\$0
245	50	PRODUCTION PROCESSING FACILITY	\$0
245	55	PRODUCTION TUBING	\$90,000
245	60	RODS/PUMPS	\$0
245	65	SUBSURFACE EQUIPMENT	\$60,000
245	75	WELLHEAD EQUIPMENT	\$142,700
245	70	TAXES	\$29,299
Total Tangible Completion Costs:			\$501,999

Intangible Facility Costs			Amount
265	5	CONSULTING	\$9,500
265	12	COMPANY DIRECT LABOR	\$0
265	20	DAMAGES/ROW/PERMITS, ETC	\$12,700
265	22	PAD/ROAD CONSTRUCTION	\$30,000
265	25	ENGINEERING / SCIENCE	\$13,900
265	40	HEALTH/SAFETY/ENVIRONMENTAL	\$5,000
265	45	CONTRACT LABOR & SERVICES	\$0
265	60	OVERHEAD	\$3,000
265	80	SURVEY / PLATS / STAKINGS	\$800
265	85	TRANSPORTATION / TRUCKING	\$0
265	83	TAXES	\$4,120
265	10	CONTINGENCY COSTS 5%	\$3,745
Total Intangible Facility Costs:			\$82,765

Office Use Only:		
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THIS AUTHORITY FOR EXPENDITURE IS BASED ON COST ESTIMATES. BILLING WILL REFLECT YOUR PROPORTIONATE SHARE OF THE ACTUAL INVOICE COSTS.

Operator: Franklin Mountain Energy 3, LLC
Approved By:
Craig R. Walters
Chief Executive Officer

Date: 1/23/2024

WI Owner: _____
Approved By: _____
Printed Name: _____

Date: _____
Title: _____

ALL PARTICIPANTS MUST CARRY THEIR OWN CONTROL OF WELL INSURANCE AND ATTACH A CERTIFICATE OF INSURANCE TO THIS ELECTION OR INSURE WITH FME3

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24465

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

AFFIDAVIT OF BEN KESSEL

Ben Kessel, being duly sworn, deposes and states 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 application filed by Franklin 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 Franklin's development plan.
6. **Exhibit C.3** through **Exhibit C.6** are the geology study I prepared for the Eagle State Com 304H well, which will target the First Bone Spring formation.
7. **Exhibit C.3** is a structure map of the First Bone Spring formation. The proposed spacing unit is identified by a pink box. The Eagle State Com 304H 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.

8. **Exhibit C.4** is a cross-section reference map that identifies six wells in the vicinity of the proposed Eagle State Com 304H 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 First Bone Spring 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. **Exhibit C.6** an Isochore map of the First Bone Spring formation. The gross interval thickness increases slightly to the southwest.

11. **Exhibit C.7** through **Exhibit C.10** are the geology study I prepared for the Eagle State Com 504H well, which will target the Second Bone Spring formation.

12. **Exhibit C.7** is a structure map of the Second Bone Spring formation. The proposed spacing unit is identified by a pink box. The Eagle State Com 504H 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.

13. **Exhibit C.8** is a cross-section reference map that identifies six wells in the vicinity of the proposed Eagle State Com 504H well, shown by a line of cross-section running from A to A'.

14. **Exhibit C.9** is a stratigraphic cross-section, and the well logs shown on the cross-section give a representative sample of the Second Bone Spring 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.

15. **Exhibit C.10** is an Isochore map of the Second Bone Spring formation. The gross interval thickness increases slightly to the southeast.

16. 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.

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

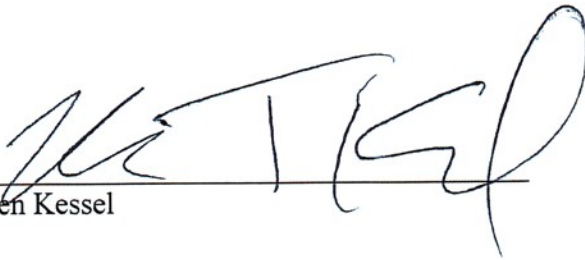
18. The preferred well orientation in this area is either north/south or south/north, nearly orthogonal to S_{Hmax} , optimal for induced fracture propagation. This is because the S_{Hmax} is at approximately 255 degrees ENE in this area of Lea County.

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

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

[Signature page follows]

Dated: May 9th, 2024

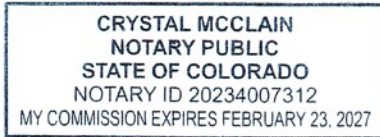

Ben Kessel


State of Colorado

County of Denver

This record was acknowledged before me on May 9, 2024, by Ben Kessel.

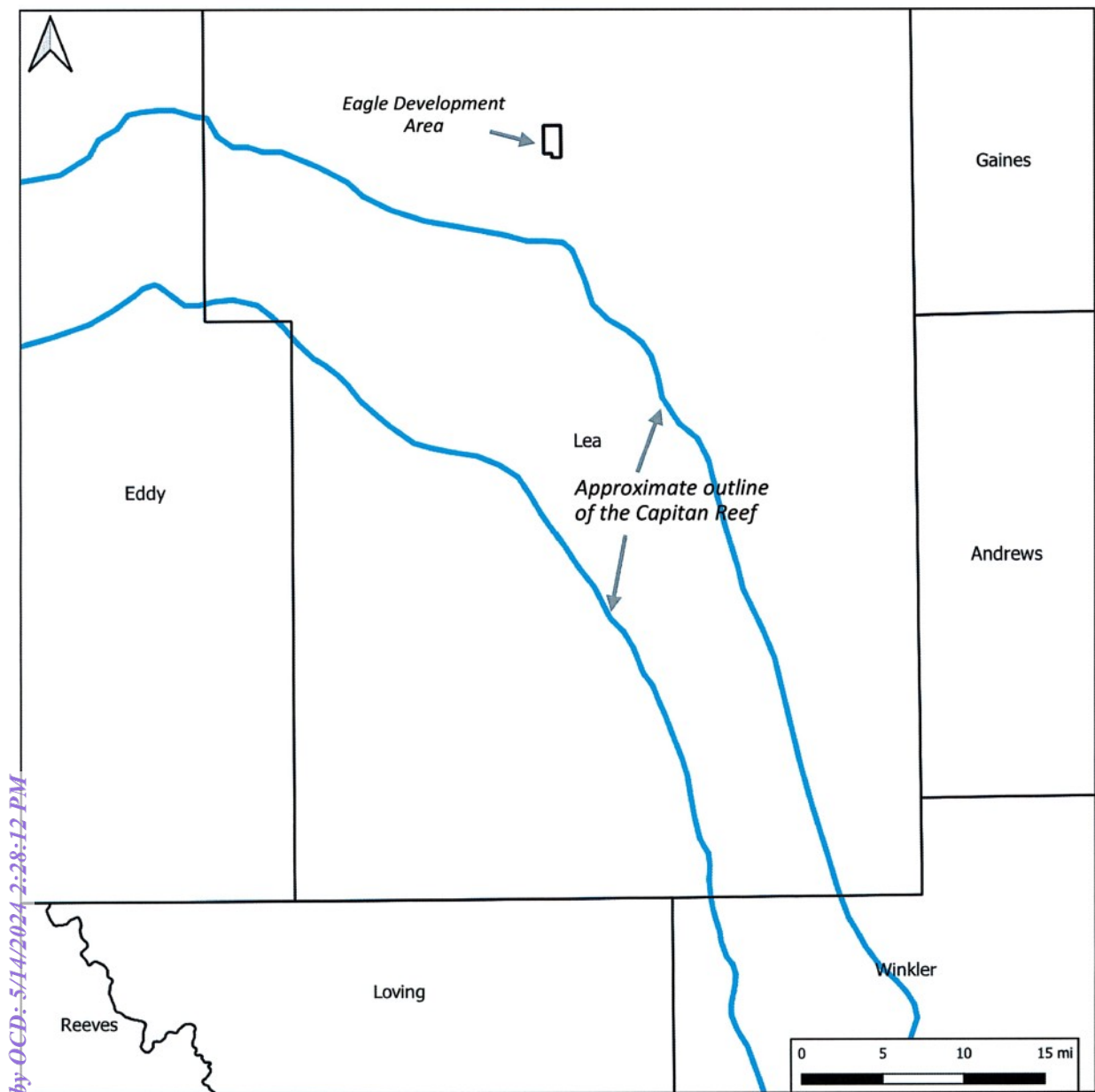
[Stamp]




Notary Public in and for the
State of Colorado
Commission Number: 20234007312

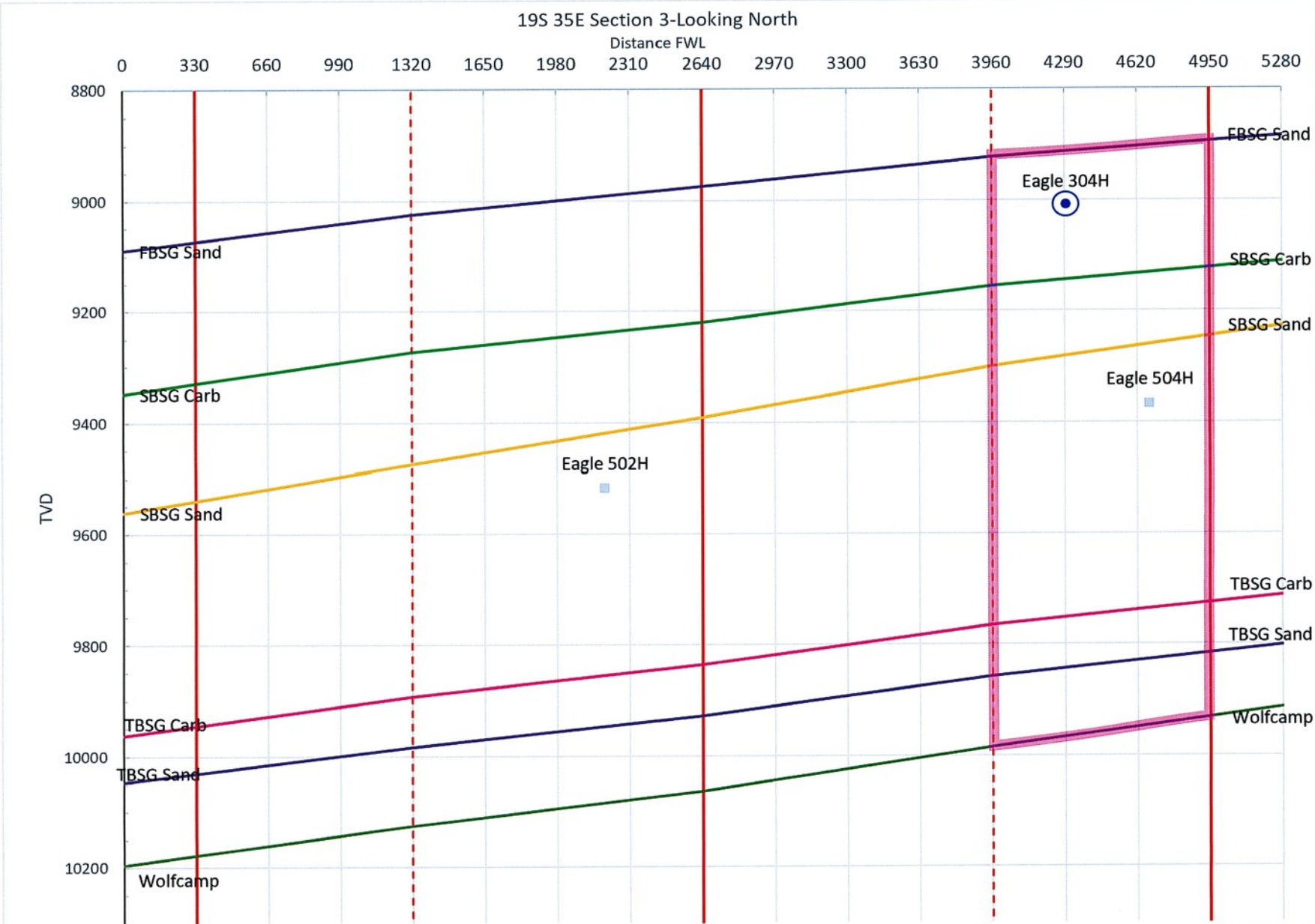
My Commission Expires: 2/23/27

Locator Map



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

Wellbore Schematic



Proposed Lateral

Open Hearing 5-16-24
No. 24465

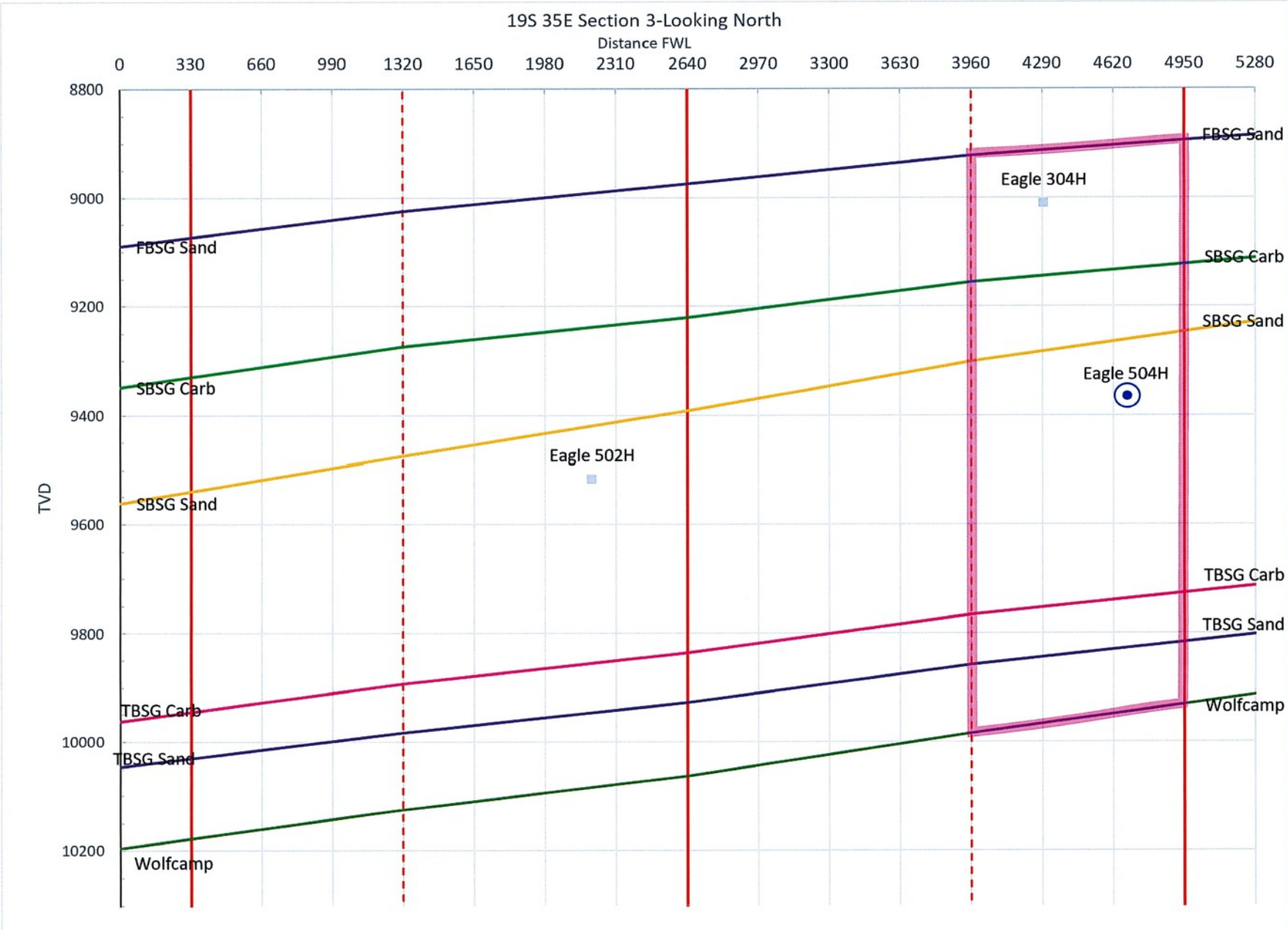
Bone Spring Spacing Unit

tabbies

EXHIBIT

C.2

Wellbore Schematic



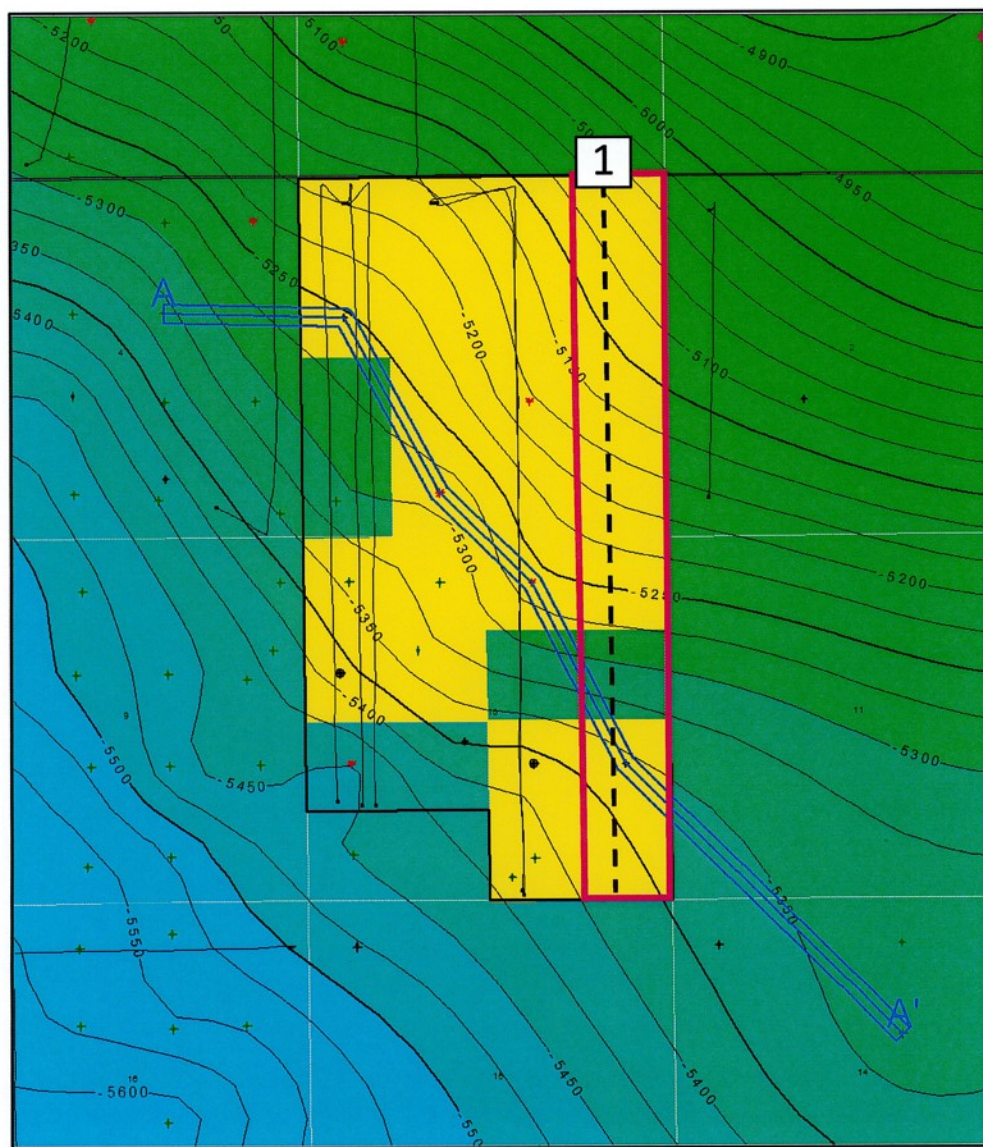
Proposed Lateral

Case Examiner Hearing 5-16-24
No. 24465



Bone Spring Spacing Unit

First Bone Spring Structure Map



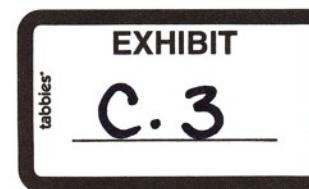
- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

1 Eagle State Com 304H

All wells shown

1 mile



Cross Section Reference Map



- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

Eagle State Com 304H

All wells shown

1 mile

EXHIBIT

C.4

First Bone Spring Cross Section

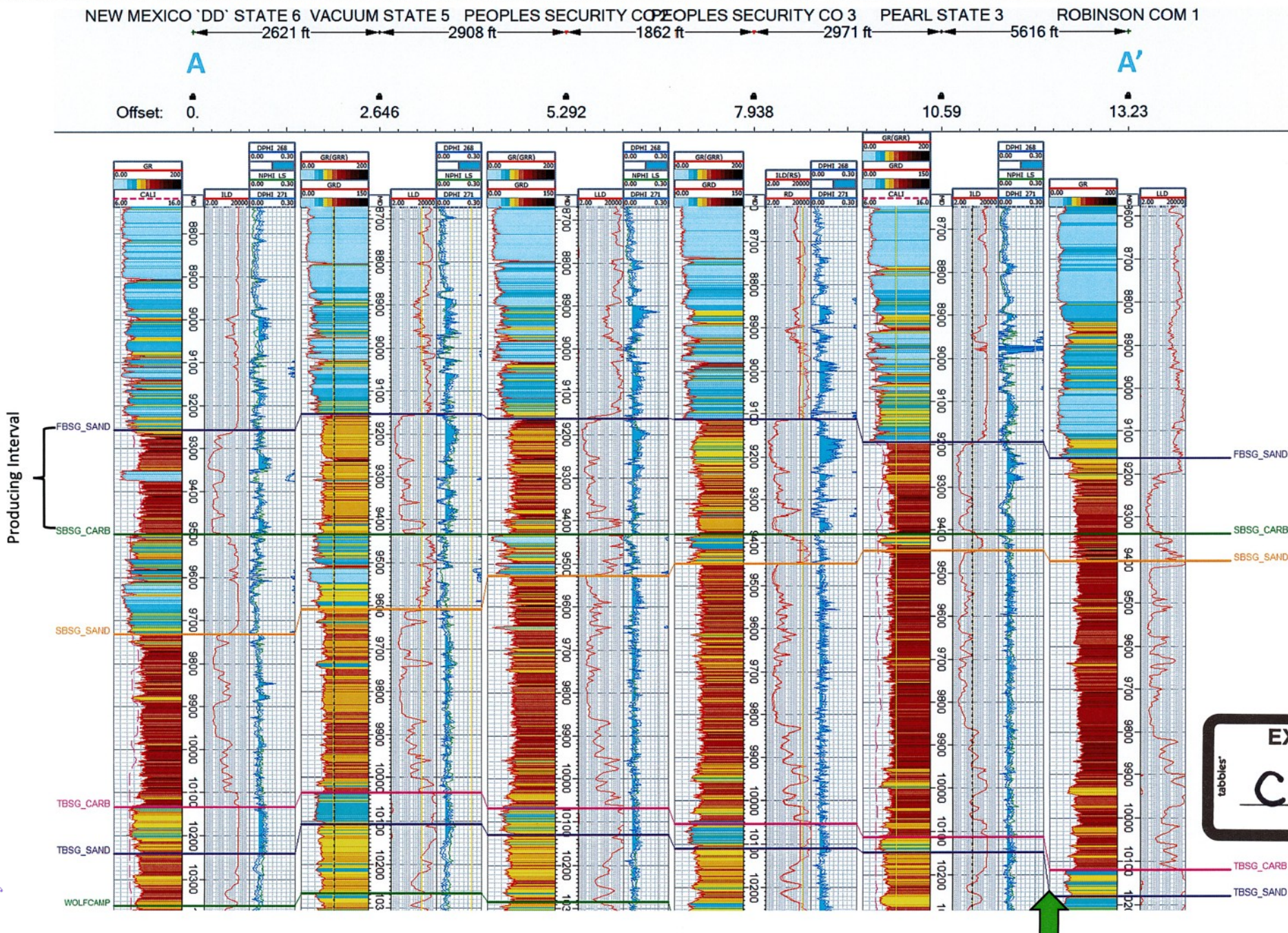
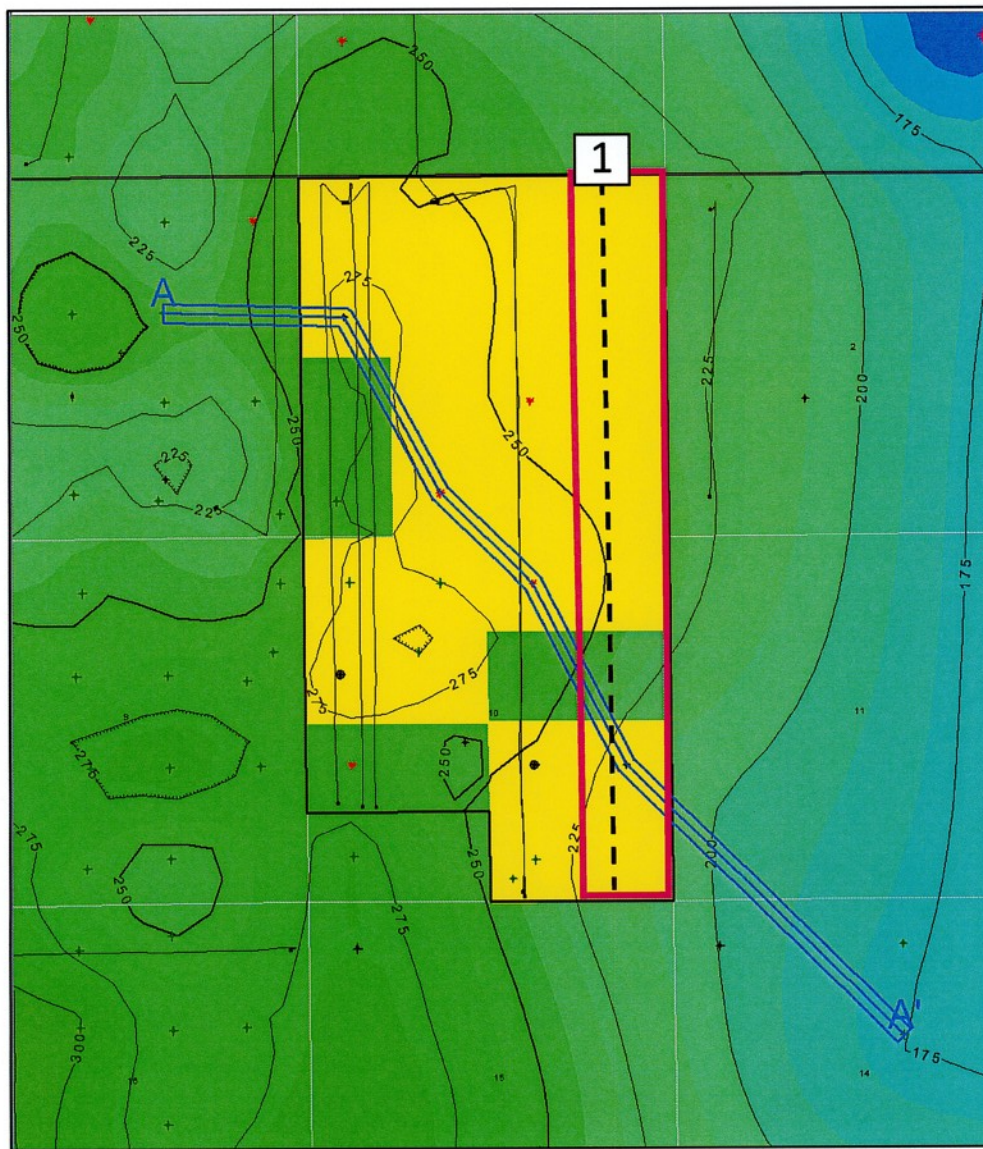


EXHIBIT
C.5

First Bone Spring Isochore Map



All wells shown

1 mile

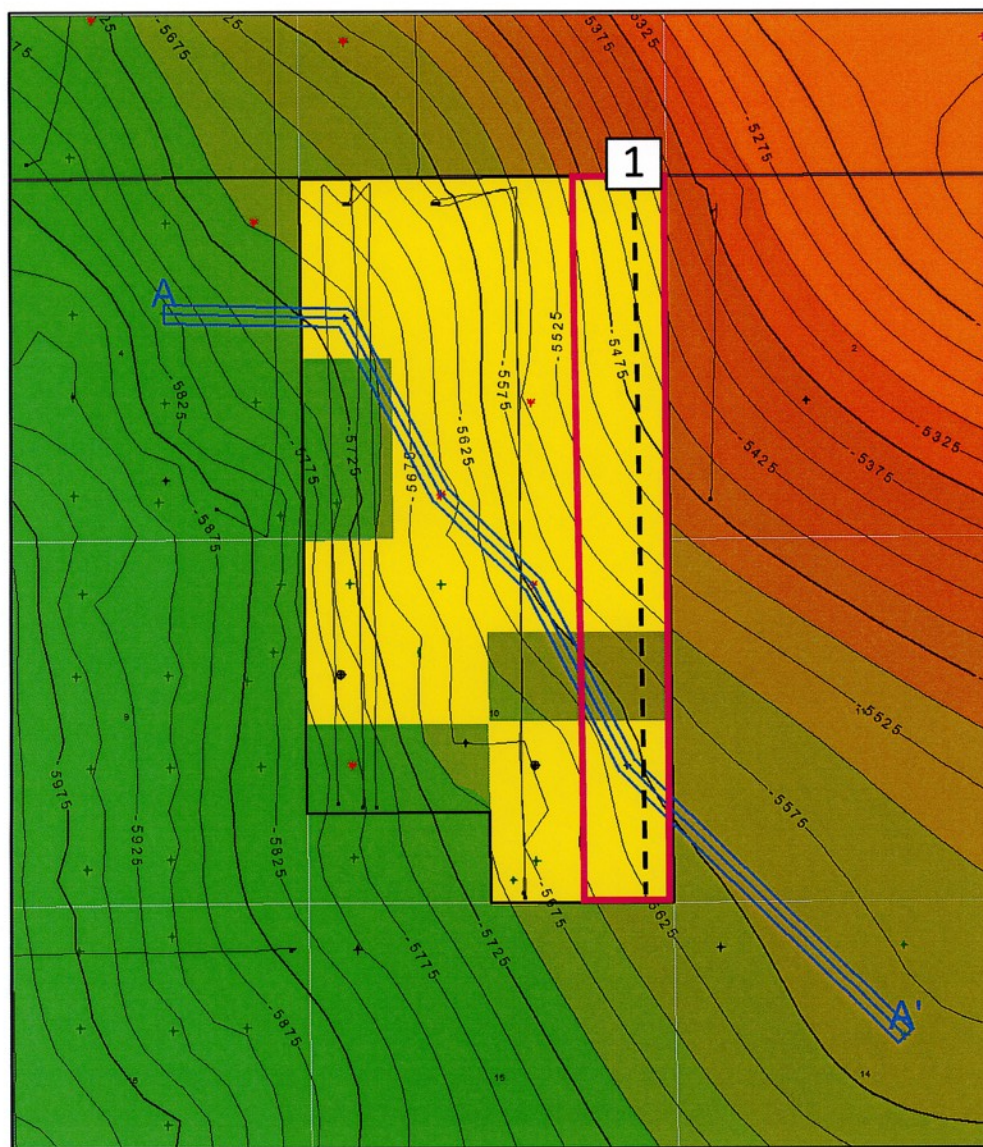
- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

1 Eagle State Com 304H



Second Bone Spring Structure Map



-  Franklin Mountain Acreage
-  Bone Spring Spacing Unit

Proposed Horizontal Location

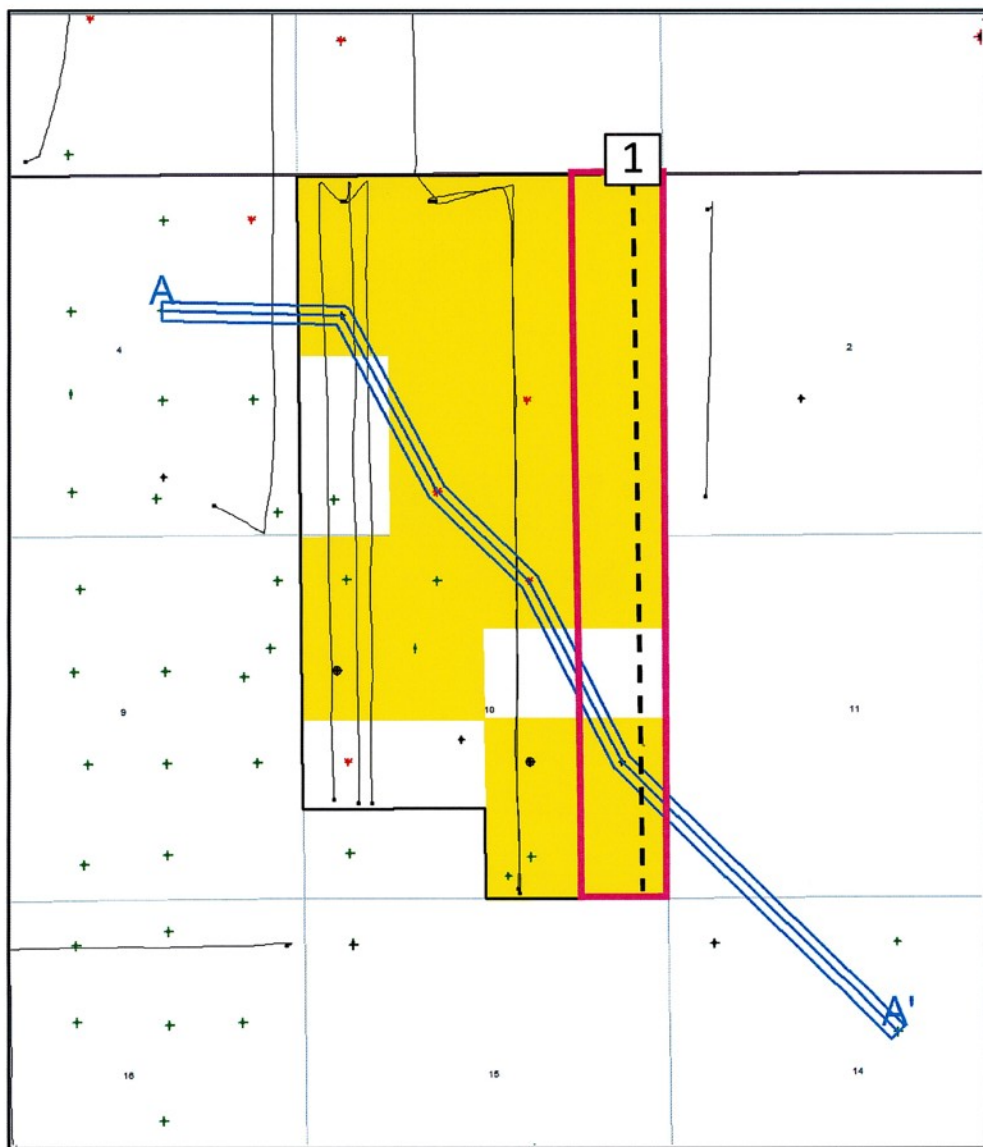
1 Eagle State Com 504H

All wells shown

1 mile



Cross Section Reference Map



- Franklin Mountain Acreage
- Bone Spring Spacing Unit

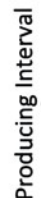
Proposed Horizontal Location

1 Eagle State Com 504H

All wells shown

1 mile





38

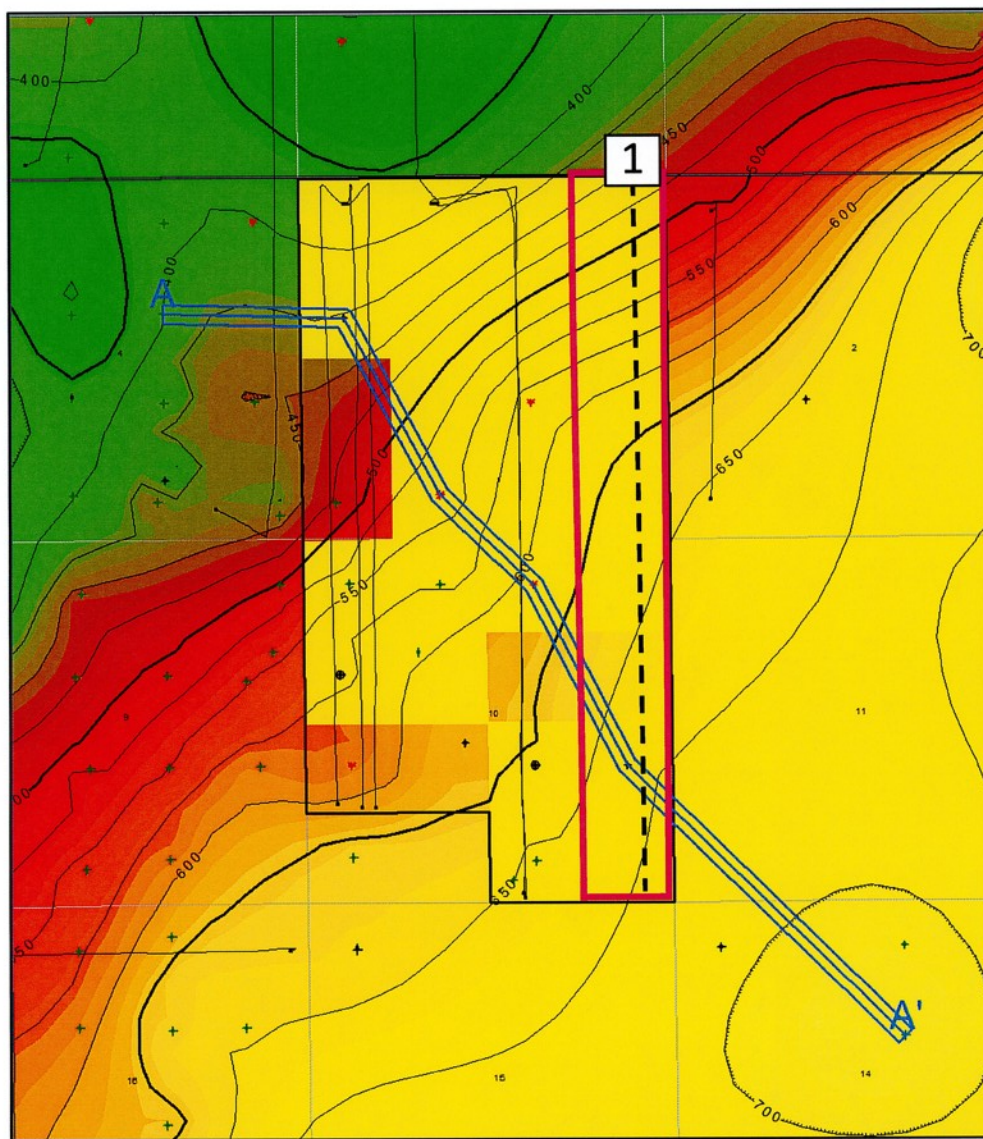
tabbies®

EXHIBIT

C.9

Released to J...

Second Bone Spring Isochore Map



- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

1 Eagle State Com 504H

All wells shown

1 mile

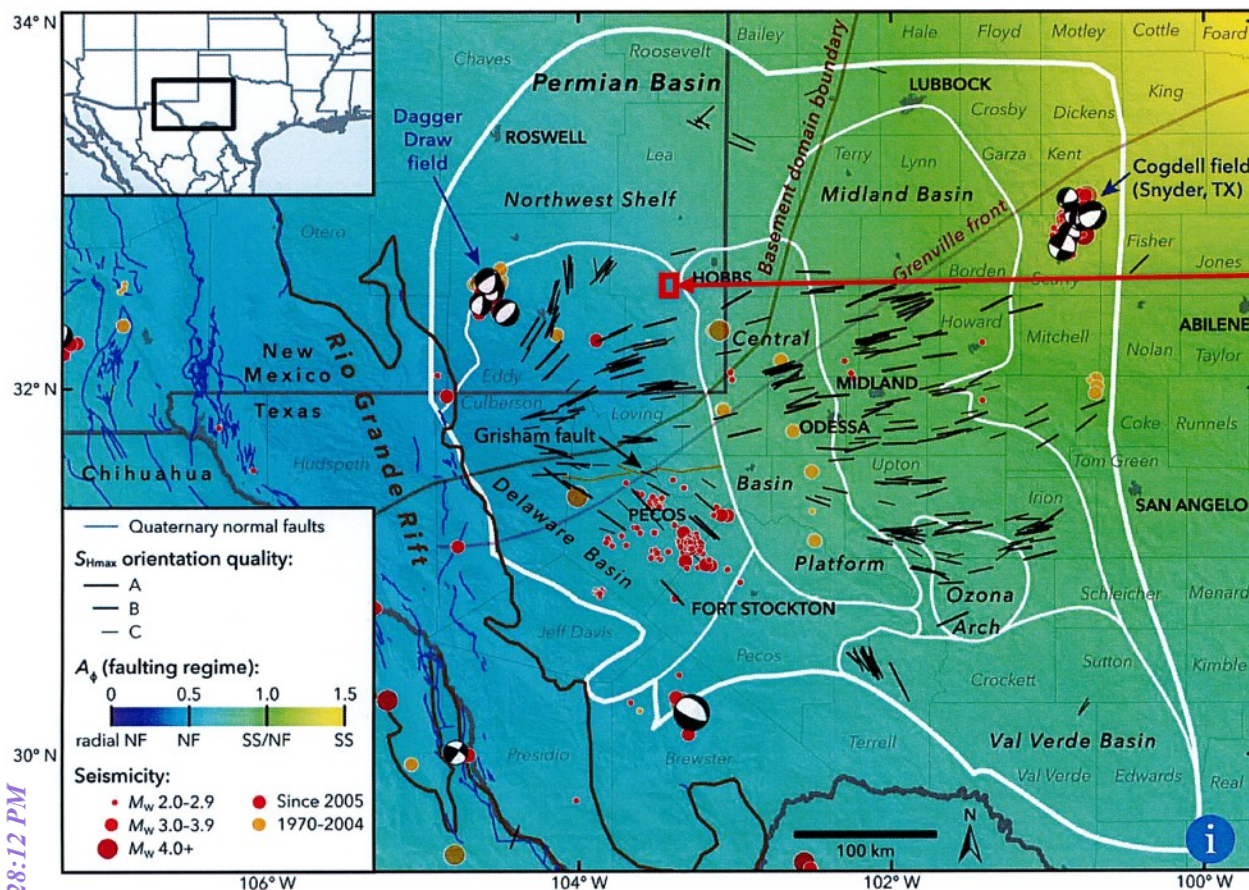
OCD Examiner Hearing 5-16-24

No. 24465

39



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 wells 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

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 24464-24466

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 Applications were provided under notice letter, dated April 22, 2024, and attached hereto, as Exhibit D.1.
- 2) Exhibit D.2 is the mailing list, which show the notice letters were delivered to the USPS for mailing on April 22, 2024.
- 3) Exhibit D.3 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.4 is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the May 16, 2024 hearing was published on April 25, 2024.
- 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: May 9, 2024

Deana M. Bennett

Deana M. Bennett





April 22, 2024

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,
LEA COUNTY, NEW MEXICO**

CASE NO. 24464

**APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 24465

**APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 24466

TO: AFFECTED PARTIES

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

In Case No. 24464, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 639.21-acre, more or less, Wolfcamp horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 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 following wells: **Eagle State Com 704H** well, to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Lot 2) of Section 3 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 10; and **Eagle State Com 705H** well, to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The producing area for the

Modrall Sperling
Roehl Harris & Sisk P.A.

500 Fourth Street NW
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Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
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OCD Examiner Hearing 5-16-24

No. 24465

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wells is expected to be orthodox. The completed interval for the Eagle State Com 704H 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. 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 15 miles west of Hobbs, New Mexico.

In Case No. 24465, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 319.59-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 1, SE/4 NE/4, and E/2 SE/4 of irregular Section 3 (E/2 E/2 equivalent), and the E/2 E/2 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 304H** and **Eagle State Com 504H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. 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 wells. Said area is located approximately 15 miles west of Hobbs, New Mexico.

In Case No. 24466, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 279.64-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 3, SE/4 NW/4, and E/2 SW/4 of irregular Section 3 (E/2 W/2 equivalent), and the E/2 NW/4 and NE/4 SW/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 following wells: **Eagle State Com 502H** well, to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Lot 3) of Section 3 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 10. The producing area for the well is expected to be orthodox. 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 15 miles west of Hobbs, New Mexico.

The hearing is set for May 16, 2024 beginning at 8:15 a.m. The hearing will be conducted in a hybrid fashion, both in-person at the

Page 3

Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. 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/>.

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

You are further notified that if you desire to appear in these cases, 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,



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,
LEA COUNTY, NEW MEXICO.**

CASE NO. 24464

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 639.21-acre, more or less, Wolfcamp horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 of Section 10, Township 19 South, Range 35 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 wells thereon.
2. Franklin seeks to dedicate the spacing unit to the following wells:
 - a. **Eagle State Com 704H** well to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Lot 2) of Section 3 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 10; and
 - b. **Eagle State Com 705H** well to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.
3. The producing area for the wells is expected to be orthodox.

4. The completed interval for the **Eagle State Com 704H** 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 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 May 2, 2024 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 Lots 1 and 2, S/2 NE/4, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 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 wells;

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 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

Yarithza Peña

Post Office Box 2168

500 Fourth Street NW, Suite 1000

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edebrine@modrall.com

deana.bennett@modrall.com

yarithza.pena@modrall.com

Attorneys for Franklin Mountain Energy 3, LLC

CASE NO. 24464 : Application of Franklin Mountain Energy 3, LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 639.21-acre, more or less, Wolfcamp horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 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 following wells: **Eagle State Com 704H** well, to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Lot 2) of Section 3 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 10; and **Eagle State Com 705H** well, to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The producing area for the wells is expected to be orthodox. The completed interval for the Eagle State Com 704H 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. 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 15 miles west of Hobbs, New Mexico.

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

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1. Franklin has an interest in the subject lands and has a right to drill and operate wells thereon.
2. Franklin seeks to dedicate the spacing unit to the **Eagle State Com 304H** and **Eagle State Com 504H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.
3. The producing area for the wells is expected to be orthodox.
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5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

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Respectfully submitted,

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

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.
Deana M. Bennett
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Attorneys for Franklin Mountain Energy 3, LLC

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- B. Designating Franklin as operator of this unit and the well to be drilled thereon;
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- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
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Respectfully submitted,

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

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.
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Yarithza Peña
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Attorneys for Franklin Mountain Energy 3, LLC

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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
04/22/2024

Firm Mailing Book ID: 264826

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0120 2447 46	Marshall & Winston, Inc. P.O. Box 50880 Midland TX 79710	\$1.87	\$4.40	\$2.32	\$0.00	10154.0001Eagle Notice
2	9314 8699 0430 0120 2447 53	Chevron U.S.A. Inc. attn: Permian Land Manager 1400 Smith Street Houston TX 77002	\$1.87	\$4.40	\$2.32	\$0.00	10154.0001Eagle Notice
3	9314 8699 0430 0120 2447 60	Northern Oil and Gas, Inc. 4350 Baker Road, Ste 400 Minnetonka MN 55343	\$1.87	\$4.40	\$2.32	\$0.00	10154.0001Eagle Notice
4	9314 8699 0430 0120 2447 77	PJ Guy Family Trust dtd 12.14.96 2302 SIERRA VISTA DRIVE ARTESIA NM 88210	\$1.87	\$4.40	\$2.32	\$0.00	10154.0001Eagle Notice
5	9314 8699 0430 0120 2447 84	JT Jackson and Associates 2302 SIERRA VISTA DRIVE ARTESIA NM 88210	\$1.87	\$4.40	\$2.32	\$0.00	10154.0001Eagle Notice
6	9314 8699 0430 0120 2447 91	William J. McCaw PO BOX 378 ARTESIA NM 88211	\$1.87	\$4.40	\$2.32	\$0.00	10154.0001Eagle Notice
7	9314 8699 0430 0120 2448 07	State of New Mexico State Land Office 310 Old Santa Fe Trail Santa Fe NM 87501	\$1.87	\$4.40	\$2.32	\$0.00	10154.0001Eagle Notice
Totals:			\$13.09	\$30.80	\$16.24	\$0.00	
Grand Total:						\$60.13	

List Number of Pieces
Listed by Sender

Total Number of Pieces
Received at Post Office

Postmaster:
Name of receiving employee

Dated:

7



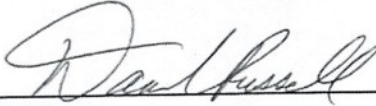
Transaction Report Details - CertifiedPro.net											
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USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date	
9314869904300120244807	2024-04-22 12:08 PM	10154.0001Eagle	State of New Mexico State Land Office		Santa Fe	NM	87501	Delivered	Return Receipt - Electronic, Certified Mail	2024-04-25 12:55 PM	
9314869904300120244791	2024-04-22 12:08 PM	10154.0001Eagle	William J. McCaw		ARTESIA	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	2024-04-26 10:19 AM	
9314869904300120244784	2024-04-22 12:08 PM	10154.0001Eagle	JT Jackson and Associates		ARTESIA	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	2024-04-26 1:50 PM	
9314869904300120244777	2024-04-22 12:08 PM	10154.0001Eagle	PJ Guy Family Trust dtd 12.14.96		ARTESIA	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail	2024-04-26 1:50 PM	
9314869904300120244760	2024-04-22 12:08 PM	10154.0001Eagle	Northern Oil and Gas, Inc.		Minnetonka	MN	55343	Delivered	Return Receipt - Electronic, Certified Mail		
9314869904300120244753	2024-04-22 12:08 PM	10154.0001Eagle	Chevron U.S.A. Inc.	attn: Permian Land Manager	Houston	TX	77002	To be Returned	Return Receipt - Electronic, Certified Mail		
9314869904300120244746	2024-04-22 12:08 PM	10154.0001Eagle	Marshall & Winston, Inc.		Midland	TX	79710	Undelivered	Return Receipt - Electronic, Certified Mail		



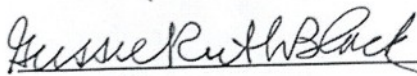
Affidavit of PublicationSTATE OF NEW MEXICO
COUNTY OF LEA

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
April 25, 2024
and ending with the issue dated
April 25, 2024.


Publisher

Sworn and subscribed to before me this
25th day of April 2024.


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.

LEGAL NOTICE
April 25, 2024

CASE NO. 24464: Notice to all affected parties, as well as heirs and devisees of: Marshall & Winston, Inc.; Chevron U.S.A. Inc., attn.: Permian Land Manager; Northern Oil and Gas, Inc.; PJ Guy Family Trust dtd 12-14-96; JT Jackson and Associates; William J. McCaw; State of New Mexico of the Application of Franklin Mountain Energy 3, LLC for 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 May 16, 2024 to consider this application. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. 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/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 639.21-acre, more or less, Wolfcamp the Division spacing unit comprised of Lots 1 and 2, S/2 NE/4, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 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 following wells: **Eagle State Com 704H** well, to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Lot 2) of Section 3 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 10; and **Eagle State Com 705H** well, to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The producing area for the wells is expected to be orthodox. The completed interval for the inclusion of 704H 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. 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 15 miles west of Hobbs, New Mexico.

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EXHIBIT**D.4**