

Well Name: PF FED COM	Well Location: T26S / R35E / SEC 1 / TR C / 32.077993 / -103.325482	County or Parish/State: LEA / NM
Well Number: 803H	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMNM117126	Unit or CA Name:	Unit or CA Number:
US Well Number: 3002549858	Well Status: Drilling Well	Operator: FRANKLIN MOUNTAIN ENERGY LLC

Notice of Intent

Sundry ID: 2703170

Type of Submission: Notice of Intent	Type of Action: Drilling Operations
Date Sundry Submitted: 11/15/2022	Time Sundry Submitted: 02:29
Date proposed operation will begin: 11/12/2022	

**Procedure Description:** While running our 5-1/2" 23# Eagle SFH P110 production casing in the hole to a planned depth of 22,406' on the PF Fed Com 803H, we encountered tight hole at 12,941' and worked our casing down hole to a depth of 20,870' where we couldn't progress any further and were unable to establish circulation or pressure communication to surface. We are now unable to work pipe in any direction after attempting from 11/10/22 18:30 until 11/11/22 19:30 for a total of 25 hours. We then ran a wireline free point tool to determine casing stuck point for options moving forward. We propose to set a cast iron bridge plug at 12,606' to isolate the ID of the production casing left in the hole and act as a base for cement plug considerations, make a cut 50' above the plug at 12,556', retrieve the casing from 12,556' to surface, set a 551' cement plug as indicated in the attached wellbore diagram from 12,055' to 12,606', sidetrack the wellbore according to the attached sidetracking directional plan, and continue drilling ahead to the original permitted PBHL. Please see attached as drilled wellbore diagram with proposed plug set depths as well as recorded drilled formation & cementing tops, proposed sidetracking directional plan, and sidetracking cement plug proposal.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

- Plugback\_COA\_20221115142913.pdf
- Franklin\_Mountain\_\_\_PF\_Federal\_Com\_803H\_\_\_KOP\_Quote\_20221115142913.pdf

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FM\_\_PF\_Fed\_Com\_803H\_\_PV\_20221115142913.pdf

BLM\_Verbal\_Approval\_Sidetrack\_20221115142913.pdf

PF\_Fed\_Com\_803H\_WBD\_As\_Drilled\_Proposed\_Cut\_and\_Plug\_Back\_to\_Sidetrack\_20221115142913.pdf

Operator

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: RACHAEL OVERBEY

Signed on: NOV 15, 2022 02:29 PM

Name: FRANKLIN MOUNTAIN ENERGY LLC

Title: Director – Operations Planning and Regulatory

Street Address: 2401 E 2nd Avenue, Suite 300

City: Denver

State: CO

Phone: (720) 414-7868

Email address: roverbey@fmellc.com

Field

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: Jonathon W Shepard

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5752345972

BLM POC Email Address: jshepard@blm.gov

Disposition: Approved

Disposition Date: 12/14/2022

Signature: Jonathon Shepard



# Franklin Mountain Energy CEMENT PROPOSAL #64914

## Kick-off Plug Proposal

PF Federal Com 803H 30-025-49858  
S:1 T:26S R:35E Lea NM

November 12, 2022



## Kick-off Plug Proposal

### CEMENT PROPOSAL

**Attention:** Mr. Vladimir Roudakov | (720) 414-7859 | vroudakov@fmellc.com  
Franklin Mountain Energy  
2401 E. 2nd Ave | Denver, CO 80206  
November 12, 2022

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Dear Mr. Vladimir Roudakov,

Thank you for the opportunity to submit pricing for cementing services on the attached wellbore. American Cementing's priority is providing premium customer service while operating in a safe, efficient manner. If you have any questions regarding the proposal or services offered, please contact American Cementing at any time.

Sincerely,

Scott Pollard  
Sales | (303) 249-6761 | scott.pollard@americancementing.com

Prepared By  
Kyle Arnold  
Field Engineer II | (830) 491-7094 | kyle.arnold@americancementing.com

**Field Office**      6165 W Murphy St, Odessa, TX 79763  
Phone: (432) 208-6452

### Disclaimer

1. Proposal is valid for 30 days
2. Proposal is for pricing purposes only; actual job procedure to be confirmed prior to job
3. American Cementing recommends proper hole conditioning prior to initiating cementing; please discuss procedures with your American Cementing representative
4. Applicable sales tax will be added to the final invoice
5. American Cementing general terms and conditions conclude this document



## Well Information

Well Name: **PF Federal Com 803H**

Well API: **30-025-49858**

Latitude: **32.077993**

Longitude: **-103.325482**

Section: **1**

Township: **26S**

Range: **35E**

County: **Lea, NM**





## Kick-off Plug Proposal

## Job: KOP (Kick-off Plug) - Well Information

Drilling Fluid Density: **13.20 lb/gal**Drilling Fluid: **OBM**Total Measured Depth: **12555 ft**Total Vertical Depth: **12555 ft**Pore Pressure Gradient: **0.42 psi/ft**Fracture Gradient: **0.85 psi/ft**BHCT: **157 °F**BHST: **157 °F**Temperature Gradient: **0.90 °F/100ft**Surface Temp: **80 °F**

## Geometry

#	Type	Function	OD (in)	ID (in)	Weight (lb/ft)	Grade	Thread	Top	Bottom	Excess (%)
1	Casing	Outer	7.625	6.875	29.70		n/a	0	11783	0.0
2	OpenHole	Outer		6.750			n/a	11783	12555	10.0
1	Casing	Inner	5.500	4.670	23.00		n/a	0	12555	0.0

## Capacities

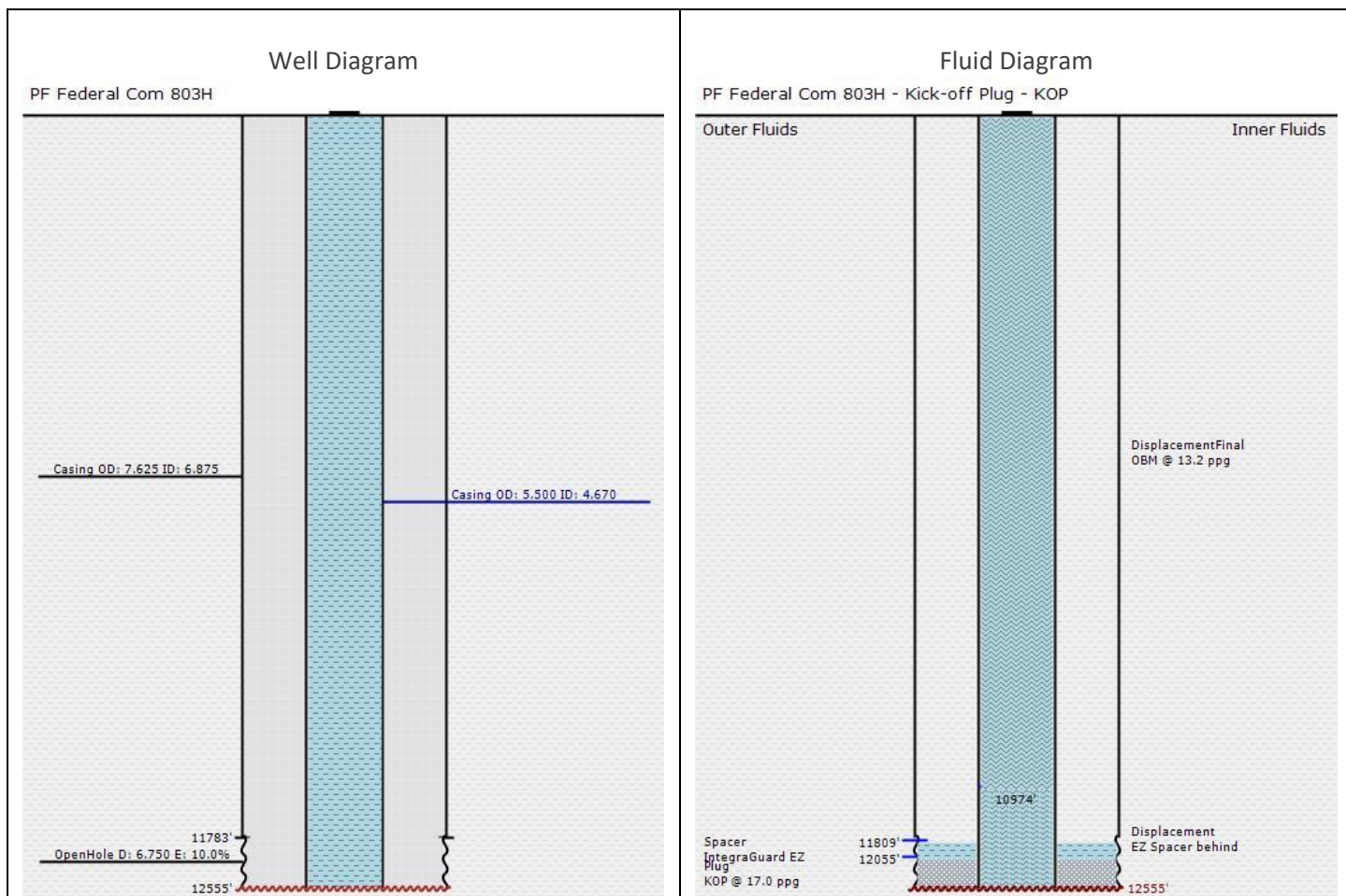
Excess added to Capacity Factor

Type	TopDepth (ft)	Length (ft)	OD (in)	ID (in)	Capacity (bbl/ft)	Capacity (ft <sup>3</sup> /ft)	Fill (ft/bbl)	Fill (ft/ft <sup>3</sup> )
DisplacementFinal	0	12555	4.670	0.000	0.0212	0.1189	47.20	8.41
Casing to OpenHole	11783	772	6.750	5.500	0.0164	0.0919	61.11	10.89
Casing to Casing	0	11783	6.875	5.500	0.0165	0.0928	60.50	10.78



## Kick-off Plug Proposal

## Job: KOP (Kick-off Plug) - Well &amp; Fluid Diagrams





## Kick-off Plug Proposal

## Job: KOP (Kick-off Plug) - Material Information

Pump Order	Type	Fluid	Fluid Top (ft)	Density (lb/gal)	Water Req. (gal/bbl)	Yield (ft <sup>3</sup> /sk)	Proposed Volume (sks)	Proposed Volume (bbl)
1	Spacer	IntegraGuard EZ	11808.52	14.00	31.5	n/a		12.00
WEIGHTING ADDITIVE, BARITE - Heavyweight - 297.274 lb/bbl								
FOAM PREVENTER, FP-24 - Defoamer - 2.000 lb/bbl								
FOAM PREVENTER, FP-28L - Defoamer - 0.300 gal/bbl								
IntegraGuard GW-86 - Viscosifier - 0.700 lb/bbl								
SALT, POTASSIUM CHLORIDE, KCL - ClayProtection - 13.000 lb/bbl								
Surfactant, S-811 - Surfactant - 10.000 lb/bbl								

Pump Order	Type	Fluid	Fluid Top (ft)	Density (lb/gal)	Water Req. (gal/sk)	Yield (ft <sup>3</sup> /sk)	Proposed Volume (sks)	Proposed Volume (bbl)
2	Plug	KOP @ 17.0 ppg	12055.00	17.00	3.7	0.99	138	24.45
CEMENT, CLASS H, HSR - Cement - 100.000 %								
DISPERSANT, CD-32A - Dispersant - 1.500 %BWOB								
FLUID LOSS, FL-66 - FluidLoss - 0.300 %BWOB								

Pump Order	Type	Fluid	Fluid Top (ft)	Density (lb/gal)	Water Req. (gal/bbl)	Yield (ft <sup>3</sup> /sk)	Proposed Volume (sks)	Proposed Volume (bbl)
3	Displacement	EZ Spacer behind	10973.97	14.00	31.5	n/a		13.00
WEIGHTING ADDITIVE, BARITE - Heavyweight - 297.274 lb/bbl								
FOAM PREVENTER, FP-24 - Defoamer - 2.000 lb/bbl								
FOAM PREVENTER, FP-28L - Defoamer - 0.300 gal/bbl								
IntegraGuard GW-86 - Viscosifier - 0.700 lb/bbl								
SALT, POTASSIUM CHLORIDE, KCL - ClayProtection - 13.000 lb/bbl								
Surfactant, S-811 - Surfactant - 10.000 lb/bbl								

Pump Order	Type	Fluid	Fluid Top (ft)	Density (lb/gal)	Water Req. (gal/bbl)	Yield (ft <sup>3</sup> /sk)	Proposed Volume (sks)	Proposed Volume (bbl)
4	DisplacementFinal	OBM @ 13.2 ppg	0.00	8.34	42.0	n/a		233.00

## Job: KOP (Kick-off Plug) - Pump Schedule

Sequence	Type	Fluid	Density (lb/gal)	Pump Rate (bpm)	Volume (bbls)	Volume (sks)	Cum. Vol. (bbls)	Stage Time (min)	Cum. Time (min)
1	Spacer	IntegraGuard EZ	14.00	5.00	12.00		12.00	2.40	2.40
2	Plug	KOP @ 17.0 ppg	17.00	5.00	24.45	138	36.45	4.89	7.29
3	Displacement	EZ Spacer behind	14.00	5.00	13.00		49.45	2.60	9.89
4	DisplacementFinal	OBM @ 13.2 ppg	8.34	5.00	233.00		282.45	46.60	56.49





## Kick-off Plug Proposal

## Job: KOP (Kick-off Plug) - Pricing

## Service Charges

Part #	Name	Quantity	UoM	List Price	Discount	Net Price	Net Amount
S-100001	Mileage - vehicle heavy weight	462	mile	\$18.96	80.00%	\$3.79	\$1,751.90
S-100002	Mileage - vehicle light weight	154	mile	\$10.72	80.00%	\$2.14	\$330.18
S-100018	Bulk delivery Charges	820	tmi	\$5.20	80.00%	\$1.04	\$852.80
S-100021	Location Time - Bulk Delivery Standby	0	hour	\$361.60	50.00%	\$180.80	\$0.00
S-100060	Cement pump charge, 12,001-13,000 feet/ 3,601-3,900 m	1	hr8	\$25,056.00	80.00%	\$5,011.20	\$5,011.20
S-100066	Cement pump charge, Additional Hours	0	hour	\$2,720.00	50.00%	\$1,360.00	\$0.00
S-100078	Fuel per pump charge - cement	8	hour	\$384.00	50.00%	\$192.00	\$1,536.00
S-100219	Batch mixer	4	hour	\$2,080.00	80.00%	\$416.00	\$1,664.00
S-100230	Bulk materials Blending Charge	213	cuft	\$5.23	80.00%	\$1.05	\$222.80
S-100566	Cementing - Computer job monitor	1	job	\$9,144.00	80.00%	\$1,828.80	\$1,828.80
<b>Total:</b>							<b>\$13,197.68</b>

## Material Charges

Part #	Name	Quantity	UoM	List Price	Discount	Net Price	Net Amount
<b>IntegraGuard EZ - Spacer (14.00 lb/gal)</b>							
L100316	WEIGHTING ADDITIVE, BARITE	3568	/lb	\$0.64	65.00%	\$0.22	\$799.23
1002283	FOAM PREVENTER, FP-24	24	/lb	\$14.52	84.00%	\$2.32	\$55.76
1001540	FOAM PREVENTER, FP-28L	4	/gal	\$131.36	84.00%	\$21.02	\$84.07
L488466	IntegraGuard GW-86	9	/lb	\$73.12	78.00%	\$16.09	\$144.78
L100114	SALT, POTASSIUM CHLORIDE, KCL	156	/lb	\$2.72	60.00%	\$1.09	\$169.73
1001367	Surfactant, S-811	120	/lb	\$56.27	84.00%	\$9.00	\$1,080.38
<b>IntegraGuard EZ Total:</b>							<b>\$2,333.95</b>
<b>KOP @ 17.0 ppg - Plug (17.00 lb/gal)</b>							
L100022	CEMENT, CLASS H, HSR	138	/sack	\$50.27	58.00%	\$21.11	\$2,913.65
1000497	DISPERSANT, CD-32A	195	/lb	\$8.32	70.00%	\$2.50	\$486.72
L488269	FLUID LOSS, FL-66	39	/lb	\$35.28	75.00%	\$8.82	\$343.98
<b>KOP @ 17.0 ppg Total:</b>							<b>\$3,744.35</b>
<b>EZ Spacer behind - Displacement (14.00 lb/gal)</b>							
L100316	WEIGHTING ADDITIVE, BARITE	3865	/lb	\$0.64	65.00%	\$0.22	\$865.76
1002283	FOAM PREVENTER, FP-24	26	/lb	\$14.52	84.00%	\$2.32	\$60.40
1001540	FOAM PREVENTER, FP-28L	4	/gal	\$131.36	84.00%	\$21.02	\$84.07
L488466	IntegraGuard GW-86	10	/lb	\$73.12	78.00%	\$16.09	\$160.86
L100114	SALT, POTASSIUM CHLORIDE, KCL	169	/lb	\$2.72	60.00%	\$1.09	\$183.87
1001367	Surfactant, S-811	130	/lb	\$56.27	84.00%	\$9.00	\$1,170.42
<b>EZ Spacer behind Total:</b>							<b>\$2,525.38</b>
<b>Total:</b>							<b>\$8,603.68</b>

## Job Totals

Charges	Amount
Service Charges	\$13,197.68
Material Charges	\$8,603.68
Casing Equipment Charges	\$0.00
<b>Grand Total</b>	<b>\$21,801.36</b>



## General Terms and Conditions

### AMERICAN CEMENTING, LLC TERMS AND CONDITIONS

These Terms and Conditions (these "T&Cs") contain INDEMNIFICATION, LIMITATION OF LIABILITY AND RISK SHIFTING PROVISIONS. The provision of Work by American Cementing, LLC or its affiliated companies ("Contractor" or "American") to any person or entity placing an Order for such Work ("Company" or "Customer") is subject to these T&Cs. By requesting the Work, Company voluntarily elects to enter into and be bound by these T&Cs, and any Order for Work shall constitute acceptance of these T&Cs, *unless* Contractor and Company have entered into a Master Service Agreement or other agreement expressly accepted in writing by Contractor's authorized representative, in which case the terms and conditions of such agreements shall govern the provision of the Work and completely supersede these T&Cs in all respects.

**1. DEFINITIONS.** "Claims" means all claims, lawsuits, demands, causes of action, liabilities, damages (including punitive damages), judgments, awards, fines, penalties, losses, costs, expenses (including, without limitation, reasonable attorneys' fees, expert fees, and costs of litigation) of any kind or character, without limit, which arise out of or are related to the Work. "COMPANY GROUP" means (i) COMPANY, and any of its parent, subsidiary and affiliated or related entities; (ii) the working interest owners, co-owners, co-lessees, co-lessors, partners and joint venturers of (i); (iii) any person or entity with an economic interest or property rights in the well, premises or the property in relation to or upon which Work is performed; and (iv) the officers, directors, employees, shareholders, agents, representatives, contractors (except CONTRACTOR), subcontractors, consultants, and invitees of (i), (ii) and (iii) above. "CONTRACTOR GROUP" means (i) CONTRACTOR and any of its subsidiary and affiliated or related entities; and (ii) the officers, directors, employees, shareholders, agents, representatives, contractors, subcontractors, consultants, and invitees of all of the foregoing. "Order" means a written or verbal request for specific Work, including by way of a purchase order, work order, service order, work authorization, or similar instrument issued by COMPANY to CONTRACTOR, and which shall incorporate the pricing proposal submitted by CONTRACTOR for such Work. A request will be considered written if exchanges, whether by correspondence, letter, fax, or email include all material terms and conditions and they have been accepted or ratified by both COMPANY and CONTRACTOR; *provided, however*, if verbal, such request shall be confirmed in writing as soon as practicable, and the terms of the written Order shall control. "Work" means any cementing services and other related services provided by CONTRACTOR, along with all related personnel, equipment, machinery, tools, supplies, materials, vehicles, facilities, consumables, goods, and any other items used in connection with such services.

**2. INDEPENDENT CONTRACTOR.** This Agreement does not create any agency, partnership, joint venture, or similar business relationship between parties. COMPANY will have the right generally to oversee and inspect the performance of the Work to ensure the reasonable satisfactory completion thereof; it being understood and agreed that CONTRACTOR shall have exclusive control over the operational details of the Work.

**3. PRICING AND PAYMENT.** **3.1** COMPANY will pay CONTRACTOR for the Work according to the prices and rates contained the applicable Order; *provided, however*, that if there are no such prices and rates, then the prices and rates set forth in the pricing proposal submitted by CONTRACTOR for the Work shall apply. The pricing proposals submitted by CONTRACTOR are generally valid sixty (60) days from submission of such proposal, unless otherwise set forth in such pricing proposal. Notwithstanding the foregoing, before commencing the Work and until an agreement is reached between the parties regarding such prices and rates, CONTRACTOR has the right to revise and shall advise COMPANY of any changes in the pricing proposal, and COMPANY may either accept or reject such changes, and proceed with the Work or not. **3.2** COMPANY shall pay CONTRACTOR's invoices within thirty (30) days of receipt of invoice. In the event COMPANY disputes any amount, it shall do so in good faith and shall notify CONTRACTOR of such dispute within thirty (30) days of receipt of invoice; *provided, however*, that COMPANY shall pay any undisputed portion of the invoice within the time for payment noted above and shall endeavor to expeditiously resolve such disputes. Any undisputed invoices, remaining unpaid for sixty (60) days after receipt by COMPANY, shall accrue interest at the rate of 1.5% per month or the maximum interest rate allowed by applicable law, whichever is less, through the time of collection. **3.3** Prices quoted by CONTRACTOR do not include sales, VAT, use or similar taxes, and such taxes, where applicable, shall be added to the quoted prices and invoiced accordingly. Each party shall pay all taxes levied or assessed by any governmental authority in connection with or incident to its performance under an Order; *provided, however*, that CONTRACTOR shall pay any assessments or taxes upon wages of CONTRACTOR, social security, unemployment insurance, old age benefits, or any other employment taxes, contributions or withholdings.

**4. ORDERS; STANDARD OF PERFORMANCE; WARRANTIES.** **4.1** COMPANY may from time to time place an Order for Work, and CONTRACTOR may provide such Work to COMPANY, subject to these T&Cs. Orders shall become binding only after signed or acknowledged by an authorized representative of each party. **4.2** CONTRACTOR shall provide all labor, equipment, machinery, tools, supplies, materials, vehicles, facilities, consumables, goods, and any other items required for the execution and completion of the Work, as more fully described in the applicable Order. **4.3** CONTRACTOR shall perform the Work with due diligence and care, in a good and workmanlike manner, using skilled, competent, experienced, and, where applicable, licensed personnel in accordance with the specifications represented by CONTRACTOR and with generally accepted oilfield practices. **4.4** CONTRACTOR shall conduct its Work, in all material respects, in accordance with all applicable laws, rules, regulations, decrees, and/or official government orders of any governing body having jurisdiction over the Work. **4.5** CONTRACTOR's Work is designed to operate under conditions normally encountered in a wellbore. COMPANY shall notify CONTRACTOR in advance and make special arrangements for Work in which hazardous or unusual conditions exist. COMPANY has complete care, custody, and control of the well, the premises around the well, and the drilling and production equipment of the well (other than such equipment provided by CONTRACTOR hereunder), and Company shall furnish directions and requirements for Work performed hereunder. CONTRACTOR is relying on COMPANY to provide such directions and requirements without further investigation by CONTRACTOR. CONTRACTOR agrees to observe and abide by COMPANY's safety policies and procedures communicated to and acknowledged by CONTRACTOR. CONTRACTOR shall as promptly as possible under the circumstances report to COMPANY's representative all accidents or occurrences resulting in injuries, illness or death to person(s) or damage to property, arising out of or occurring during the Work. **4.6** CONTRACTOR's sole liability, and COMPANY's exclusive remedy, for any Claims for breach of warranty under this Section 4 are limited to, at CONTRACTOR's sole option, (i) if practical, the re-performance of the defective Work or portion thereof, at no additional cost to COMPANY; or (ii) a refund or credit to COMPANY of any amount paid to CONTRACTOR for such defective Work or portion thereof. In the event that CONTRACTOR materially fails to perform the Work or if CONTRACTOR provides defective Work for reasons solely within CONTRACTOR's control, COMPANY shall give notice to CONTRACTOR of such non-performance or defective performance immediately upon discovery and prior to CONTRACTOR's departure from the worksite, otherwise such warranty Claim is waived. **4.7** Due to the nature of the Work to be performed in unpredictable wellbore conditions, CONTRACTOR does not warrant the accuracy, correctness, or completeness of any interpretations, analysis, recommendations, or advice, nor that COMPANY's or any third party's reliance on such interpretations, analysis, recommendations, or advice will accomplish any particular results, and which in any event are opinions only. Accordingly, it is COMPANY's responsibility, and sole risk, to determine the completion, well treatment, production, or financial decision involving any risk. Any outcomes that are less than expected will not relieve COMPANY of its responsibility to pay for the Work in accordance with these T&Cs. **4.8** THE WARRANTIES PROVIDED IN THIS SECTION 4 ARE THE SOLE AND EXCLUSIVE WARRANTIES RELATING TO THE WORK AND ARE IN LIEU OF ANY AND ALL OTHER WARRANTIES WHETHER ORAL, WRITTEN, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WARRANTY OF MERCHANTABILITY AND WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

**5. ORDER CHANGES; PROJECT ADMINISTRATION.** **5.1** COMPANY may ask for and CONTRACTOR may agree to variations in the Work, whether by way of addition, modification or omission, which variations shall be in writing and signed by authorized representatives of both parties. The value of any such variations shall be ascertained by reference to the prices and rates specified in the applicable Order for like or analogous Work; *provided, however*, that if there are no such prices and rates or if they are otherwise inapplicable, then the prices and rates set forth in the pricing proposal submitted by CONTRACTOR for such additional Work shall apply. **5.2** To acknowledge or document various events during the provision of the Work, a party may from time to time sign the other party's forms, such as Orders, delivery tickets, job tickets, invoices, or similar instruments used by the parties in the normal course of business. In the event of a conflict between these T&Cs and any such documents, these T&Cs shall control, *unless* specific reference is made that these T&Cs are modified and the intention to modify is explicitly stated in such documents. **5.3** It is understood and agreed between the parties that COMPANY's representative (appointed in accordance with Section 5.4 below) shall have the authority to approve any job tickets, delivery tickets, or similar forms attesting to the completion of the Work by CONTRACTOR ("Job Tickets"). A COMPANY representative's signature on such Tickets shall indicate acceptance of the Work. If the Job Tickets are not acknowledged within forty-eight (48) hours of receipt through no fault of CONTRACTOR, CONTRACTOR may submit invoices for payment as if such Tickets had been acknowledged. **5.4** COMPANY will appoint a representative who will be responsible for the supervision of the Work, and who shall have full authority to represent and make decisions on behalf of COMPANY with respect to the Work, or otherwise to resolve the day-to-day issues which may arise related to the Work. Likewise, CONTRACTOR shall designate a representative with similar responsibilities and authority to liaise with COMPANY's representative.

**6. CONTRACTOR'S EQUIPMENT.** **6.1** Title to CONTRACTOR's equipment, including any lost, damaged, or confiscated equipment, shall remain in CONTRACTOR, and COMPANY shall have no right to assign, transfer, hypothecate, or remove such equipment from the place of its intended use without CONTRACTOR's prior written consent. **6.2** COMPANY shall be responsible for and agrees to



## Kick-off Plug Proposal

compensate CONTRACTOR for all damages, losses, or any abnormal wear to CONTRACTOR GROUP's equipment: (i) while in COMPANY GROUP's care, custody or control, including while being transported by any member of COMPANY GROUP; (ii) as a result of operations conducted out of specifications at COMPANY GROUP's request, or in corrosive, abnormal temperatures or other unusual conditions; (iii) due to fishing operations (if any); or (iv) if lost in the hole or damaged beyond repair while in the hole or used in the hole. COMPANY will replace such equipment or reimburse CONTRACTOR with the current replacement price of such equipment.

**7. INDEMNITY.**

**7.1 Application of Indemnities.** **7.1.1** In those matters in which a party is required by these T&Cs to RELEASE, DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS the other party and/or members of its respective Group, SUCH OBLIGATIONS SHALL, EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THESE T&Cs, APPLY TO INDEMNITOR REGARDLESS OF THE CAUSE OR REASON, OR WHO MAY BE AT FAULT OR OTHERWISE RESPONSIBLE UNDER ANY CONTRACT, STATUTE, RULE, OR THEORY OF LAW, INCLUDING WITHOUT LIMITATION STRICT LIABILITY, TORT, BREACH OF DUTY (STATUTORY OR OTHERWISE), BREACH OF CONTRACT, BREACH OF REPRESENTATION OR WARRANTY, BREACH OF ANY SAFETY REQUIREMENT OR REGULATION, DUE TO ANY LATENT, PATENT, OR PRE-EXISTING DEFECTS OR CONDITIONS, IMPERFECTION OF MATERIAL, FAILURE OF EQUIPMENT, OR ANY LEGAL FAULT OR RESPONSIBILITY OF EITHER PARTY, INCLUDING THE SOLE, JOINT, AND/OR CONCURRENT NEGLIGENCE OR FAULT, WHETHER ACTIVE OR PASSIVE, OF THE INDEMNIFIED PARTY, OR OTHER PERSONS OR ENTITIES. **7.1.2** In the event these T&Cs are subject to the indemnity limitations in Chapter 127 of the Texas Civil Practice and Remedies Code (or any successor statute), and so long as such limitations are in force, each party covenants and agrees to support the mutual indemnity and release obligations contained herein by carrying insurance in an amount and of a type sufficient to cover their indemnity obligations. **7.1.3** Notwithstanding any provisions in these T&Cs to the contrary, the following provision applies where Work is to be performed in New Mexico or Wyoming, as applicable: to the extent this Section 7 is governed by New Mexico or Wyoming law, then the provisions herein shall be read not to include indemnification for the indemnified party's own negligence. **7.1.4** If any defense, indemnity, or insurance provision contained in these T&Cs conflicts with, is prohibited by or violates public policy under any federal, state or other law determined to be applicable to a particular situation arising or involving these T&Cs, it is understood and agreed that the conflicting, prohibited or violating provision shall be deemed automatically amended in that situation to the extent—but only to the extent—necessary to conform with, not be prohibited by, and avoid violating public policy under such applicable law. The parties agree that the exculpatory, indemnification, and hold harmless provisions herein shall be modified or altered only insofar as required by a jurisdiction purporting to limit such provisions, it being the intention of both parties to enforce to the fullest extent, all terms and conditions herein agreed to.

**7.2 CONTRACTOR's Indemnification.** CONTRACTOR shall be liable for, and hereby agrees to RELEASE, DEFEND, PROTECT, INDEMNIFY AND HOLD COMPANY GROUP HARMLESS from and against any and all Claims for personal or bodily injury to, sickness, disease or death of any member of CONTRACTOR GROUP, and any and all Claims for damage to or loss of any property of CONTRACTOR GROUP.

**7.3 COMPANY's Indemnification.** COMPANY shall be liable for, and hereby agrees to RELEASE, DEFEND, PROTECT, INDEMNIFY AND HOLD CONTRACTOR GROUP HARMLESS from and against any and all Claims for personal or bodily injury to, sickness, disease or death of any member of COMPANY GROUP, and any and all Claims for damage to or loss of any property of COMPANY GROUP.

**7.4 Pollution and Contamination; Catastrophic Damages or Losses.** Notwithstanding each party's obligations pursuant to Sections 7.2 and 7.3 hereof, it is understood and agreed between the parties that the following additional terms shall apply: **7.4.1** (a) CONTRACTOR shall be liable for, and hereby agrees to RELEASE, DEFEND, PROTECT, INDEMNIFY AND HOLD COMPANY GROUP HARMLESS from and against any and all Claims arising from pollution or contamination, which originates above the surface of the land or water, and which shall directly result from or be caused by CONTRACTOR GROUP's equipment, vehicles, or other tools and instruments while in CONTRACTOR GROUP's sole care, custody or control, and shall assume all responsibility for control and removal of same; and (b) COMPANY shall be liable for, and hereby agrees to RELEASE, DEFEND, PROTECT, INDEMNIFY AND HOLD CONTRACTOR GROUP HARMLESS from and against any and all Claims arising from any and all pollution or contamination other than that described under Section 7.4.1 (a) above, and including but not limited to, that which may result from cratering, seepage or any other uncontrolled flow of oil, gas, water or other substance, and shall assume all responsibility for control and removal of same. **7.4.2** COMPANY shall be liable for, and hereby agrees to RELEASE, DEFEND, PROTECT, INDEMNIFY AND HOLD CONTRACTOR GROUP HARMLESS from and against any and all Claims arising from any and all catastrophic damages or losses, including but not limited to those on account of injury, destruction of, loss or impairment (i) of any formation, strata, or reservoir beneath the surface of the earth; (ii) of any property rights in or to oil, gas, or other mineral substance or water, or the quiet enjoyment thereof, including subsurface trespass; (iii) to the well or the hole, including its casing; (iv) from radioactive sources; and (v) from fire, explosion, blowout, or any other uncontrolled well conditions, and the cost of controlling or regaining control of a wild well or out of control well.

**7.5 Incidental or Consequential Damages.** Notwithstanding any provisions to the contrary in these T&Cs, neither party shall be liable to the other party for, and parties shall RELEASE, PROTECT, DEFEND, INDEMNIFY AND HOLD EACH OTHER HARMLESS from and against any special, punitive, indirect, incidental or consequential damages or losses suffered by the other party and its Group resulting from or arising, directly or indirectly, out of or in connection with the Work, including, without limitation, loss and/or deferral of production, loss of product, loss of use, loss of bargain, contract expectations, or opportunity to contract with others, loss of revenue, profit, or anticipated profit, loss of business, business interruption, or downtime, whether direct or indirect, and whether or not such loss was foreseeable at the time of placing of an Order.

**8. INSURANCE.** **8.1** CONTRACTOR and COMPANY agree, at their sole cost and expense, to procure and continuously maintain in full force and effect throughout the term of this Agreement the following insurance coverage which may be met by a combination of primary and excess/umbrella insurance: A. Statutory Workers' Compensation Insurance and Employer's Liability in the amount of \$1,000,000 per occurrence and in the aggregate; B. Commercial General Liability insurance providing for third party property damage and personal injury, including broad form contractual liability for any agreement and broad form property damage in the amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; C. Owned and Non-Owned Automobile Liability Insurance for bodily injury and property damage combined single limit in the amount of \$1,000,000 per occurrence and in the aggregate; D. Excess/Umbrella Liability Insurance providing coverage in excess of the foregoing insurances in the amount of \$5,000,000 per occurrence and in the aggregate, excluding statutory insurance coverage. **8.2** Each party agrees that, to the extent it assumes liability herein, it shall endorse the above coverages to name the indemnified parties as additional insureds (except for Workers' Compensation), shall waive its right of subrogation against the indemnified parties and their insurers, and agrees that its insurance shall be primary to that carried by the indemnified parties and non-contributory as per negligence for third party Claims, and shall not contribute in case of any Claim of exhaustion of horizontal limits. **8.3** Each party shall furnish an insurance certificate to the other to evidence the insurance required herein, and such certificates shall contain an endorsement stating that the insurer will endeavor to provide a thirty (30) days prior written notice of alteration or material change to such coverage. All deductible amounts, premiums, franchise amounts, or other charges due with respect to each party's required insurance should be the sole obligation of the insured party.

**9. CONFIDENTIALITY.** Each party contemplates that the other party may be provided and exposed to confidential and proprietary information ("Confidential Information"), which includes information relating to specifications of its tools, designs, inventions, component parts, parts list, software, firmware, hardware, processes, computer interfaces, operational parameters, and terms and pricing of Work. All Confidential Information shall remain the property of the party disclosing the same and no license is granted to the receiving party by virtue of the provision of such information. Confidential Information shall (i) be used by the recipient solely for the purpose of the provision of the Work and (ii) kept confidential and not disclosed to any person, except authorized representatives of the receiving Party, without written permission of the disclosing party. The receiving party shall take all reasonable steps to require its authorized representatives to keep such information confidential during and after the Work. Confidential Information shall not include information which: (i) at the time of placement of the Order is in the public domain or subsequently comes into the public domain through no fault of the receiving party and not in breach of these T&Cs; (ii) was already known to the receiving party on the date of disclosure, provided that such prior knowledge can be substantiated and proved by documentation; or (iii) properly and lawfully available to the receiving party from sources independent of the disclosing party.

**10. INTELLECTUAL PROPERTY.** While performing the Work, CONTRACTOR may utilize CONTRACTOR's intellectual property (including, without limitation, copyrights, registered marks, trademarks, service marks, patents, know-how, trade secrets, inventions, discoveries, techniques, technical information, technologies, designs, software, computer programs, formulae, calculations, computations, expertise, ideas, concepts, improvements, sketches, drawings, models, methods, practices, and/or processes, whether patentable or not) and/or develop, conceive, create, acquire, obtain, collect, generate, or make such additional intellectual property, which is and shall be CONTRACTOR's exclusive property. *Except if expressly and specifically agreed in writing in a separate development agreement executed by the parties, and in exchange for appropriate payment, CONTRACTOR shall not develop any intellectual property for ownership by COMPANY in association with Work performed under a specific Order.* Notwithstanding the foregoing, COMPANY or COMPANY GROUP shall own any intellectual property solely developed by COMPANY or COMPANY GROUP, respectively.

**11. FORCE MAJEURE.** **11.1** "Force Majeure" means (to the extent and only to the extent that any of the following are not reasonably within the control of the party claiming a Force Majeure and by the exercise of due diligence such party could not have mitigated, avoided, or overcome such condition) acts of God, fire, floods, lightning, blizzards, tornadoes, earthquakes, ice storms, named tropical storms and hurricanes, pandemics, terrorism, insurrection, revolution, war, strikes, lockouts, federal or state laws, rules and regulations of any governmental or public authorities having or asserting jurisdiction over the premises of either or both parties, inability to procure material due to industry wide shortages or soaring commodity costs, equipment, or necessary labor despite reasonable efforts, or similar causes. **11.2** If a party is rendered unable, wholly or in part, by a Force Majeure event to perform, that party will give written notice detailing such Force Majeure event to the other party as soon as reasonably possible. If a Force Majeure event continues without interruption for ten (10) days, either Party may cancel the applicable Order by giving prompt, written cancellation notice to the other party. Nothing in this Section 11.2 shall excuse COMPANY from its payment obligations of any invoices due and owing for Work performed under a specific Order.

**12. LIMITATION OF LIABILITY.** Notwithstanding anything to the contrary in these T&Cs, CONTRACTOR's liability arising from or in connection with its performance of the Work shall be limited to the value of the consideration paid to CONTRACTOR under the applicable Order.

**Kick-off Plug Proposal**

**13. GOVERNING LAW; VENUE. 13.1** For Work performed on a worksite within the **United States**, these T&Cs shall be exclusively governed by the laws of the **State of Texas**, excluding any conflict of laws principle that would refer to the laws of another jurisdiction. Venue shall lie exclusively in the state or federal courts of Harris County, Texas, and the parties consent to personal jurisdiction therein. **13.2** For Work performed on a worksite within **Canada**, these T&Cs shall be exclusively governed by the laws of **Province of Alberta**, excluding any conflict of laws principle that would refer to the laws of another jurisdiction.

**14. MISCELLANEOUS. 14.1 Notices.** Notices shall be sent by registered post, or delivered in person, to the address for notices communicated by the other party. Said notices shall be deemed received (i) upon delivery if hand delivered, (ii) upon delivery if sent by registered post, and (iii) upon recipient's confirmation of receipt if faxed. **14.2 Waiver.** No benefit or right accruing to either party under these T&Cs shall be deemed to be waived unless the waiver is in writing, expressly refers to these T&Cs, and is signed by a duly authorized representative of both parties. A waiver in any one or more instances shall not constitute a continuing waiver, unless specifically so stated in the written waiver. **14.3 Severability.** In the event one or more of the provisions contained in these T&Cs shall be held, for any reason, to be invalid, void, illegal, contrary to law and/or unenforceable in any respect, these T&Cs shall be deemed to be amended to partially or completely modify such provision or portion thereof to the extent necessary to make it enforceable. If necessary, these T&Cs shall be deemed to be amended to delete the unenforceable provision or portion thereof, in which event such invalidity, illegality or unenforceability shall not affect the remaining provisions hereof, and these T&Cs shall remain unaffected and shall be construed as if such invalid, void, illegal or unenforceable provision never had been contained herein. **14.4 Independent Representation.** COMPANY AND CONTRACTOR ACKNOWLEDGE THAT THEY HAVE CONSULTED AN ATTORNEY CONCERNING THESE T&Cs OR HAVE ELECTED NOT TO DO SO, BUT REPRESENT THAT THEY FULLY UNDERSTAND THEIR RIGHTS AND OBLIGATIONS HEREUNDER

**Company:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Name:** \_\_\_\_\_

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

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

## BUREAU OF LAND MANAGEMENT

Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972

### Conditions of Approval for Permanent Abandonment of a Production Zone

1. Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822. For wells in Lea County, call 575-689-5981
2. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,100 feet, a 3M system for a well not deeper than 13,600 feet, or a 5M system for a well not deeper than 22,700 feet (all depths are for measured well depth).
3. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.
4. Cement Requirement: Sufficient cement shall be used to bring any required plug to the approved depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours. In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement (or 35 feet with a bailer). Before pumping cement on top of CIBP, a tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary. Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.
5. Subsequent Plug back Reporting: Within 30 days after plug back work is completed, file a Subsequent Report (Form 3160-5) to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. Show date work was completed. If plugging back to a new zone submit a Completion Report (Form 3160-4) with the Subsequent Report.
6. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.
7. If well location is within the Timing Limitation Stipulation Area for Lesser Prairie-Chicken: From March 1<sup>st</sup> through June 15<sup>th</sup> annually, abandonment activities will be allowed except between the hours from 3:00 am and 9:00 am. Normal vehicle use on existing roads will not be restricted.

**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 Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS  
  
Action 167279

CONDITIONS

Operator: Franklin Mountain Energy LLC 44 Cook Street Denver, CO 80206	OGRID: 373910
	Action Number: 167279
	Action Type: [C-103] NOI Change of Plans (C-103A)

CONDITIONS

Created By	Condition	Condition Date
pkautz	None	12/28/2022