

**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, AND,  
TO THE EXTENT NECESSARY, APPROVAL  
OF AN OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24109**

**NOTICE OF REVISED EXHIBIT PACKET**

Pursuant to the Hearing Examiner's direction, Franklin Mountain Energy 3, LLC is providing a revised exhibit packet, revised only to include the following supplemental exhibits under Tab D in the above-referenced matter: **Exhibit E** Supplemental Declaration of Deana M. Bennett; **Exhibit F** Sample Notice Letter Dated January 19, 2024; and **Exhibit G** Certified Mailing Tracking Receipt of G&C. No other parties have entered an appearance in this matter.

Respectfully submitted,

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

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.

Deana M. Bennett

Yarithza Peña

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*Attorneys for Franklin Mountain Energy 3, LLC*

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

**IN THE MATTER OF THE APPLICATION OF  
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LEA COUNTY, NEW MEXICO.**

**CASE NO. 24109**

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- Exhibit B.3: Lease Tract Map, Summary of Interests and Unit Recapitulation
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- Exhibit B.5: Pooled Parties List
- Exhibit B.6: Well Proposal Letter
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- Exhibit C.2: Wellbore Schematic
- Exhibit C.3: Wolfcamp A Structure Map
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- Exhibit A: Sample Notice Letter
- Exhibit B: Mailing List of Interested Parties
- Exhibit C: Certified Mailing Tracking List
- Exhibit D: Affidavit of Publication
- *Exhibit E: Supplemental Declaration of Deana M. Bennett*
- *Exhibit F: Sample Notice Letter Dated January 19, 2024*
- *Exhibit G: Certified Mailing Tracking Receipt*

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<sup>1</sup> Revisions identified by italics.



Before the Oil Conservation Division  
Examiner Hearing Jan 18th, 2024

Compulsory Pooling

**Case No. 24109: Alpha State Com 701H**  
**Alpha State Com 801H**

**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, AND,  
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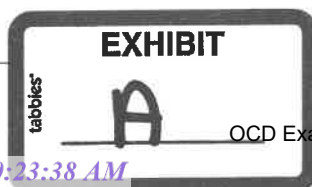
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- Exhibit C.11: Regional Stress Orientation Overview

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- Exhibit A: Sample Notice Letter
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**COMPULSORY POOLING APPLICATION CHECKLIST****ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS****Case: 24109****APPLICANT'S RESPONSE****Date** January 18, 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, and, to the Extent Necessary, Approval of an Overlapping Spacing Unit, Lea County, New Mexico.**Entries of Appearance/Intervenors:** None.**Well Family** Alpha State**Formation/Pool****Formation Name(s) or Vertical Extent:** Wolfcamp**Primary Product (Oil or Gas):** Oil**Pooling this vertical extent:** Wolfcamp**Pool Name and Pool Code:** Scharb; Wolfcamp Pool (Code 55640)**Well Location Setback Rules:** State-Wide Rules Apply**Spacing Unit****Type (Horizontal/Vertical)** Horizontal**Size (Acres)** 319.70-acres**Building Blocks:** 40-Acres**Orientation:** North/South**Description: TRS/County** W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.**Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?** 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: Alpha State Com 701H**SHL: 320' FNL & 1486' FWL, Section 9, T19S, R35E  
BHL: 100' FNL & 360' FWL, Section 33, T18S, R35E  
Completion Target: Wolfcamp A (Approx. 10,939 TVD)

OCD Examiner Hearing 1-18-24

No. 24109

Well #2: Alpha State Com 801H	SHL: 320' FNL & 1576' FWL, Section 9, T19S, R35E BHL: 100' FNL & 800' FWL, Section 33, T18S, R35E Completion Target: Wolfcamp B (Approx. 11,363 TVD)
Horizontal Well First and Last Take Points	See Exhibit B.2
Completion Target (Formation, TVD and MD)	See Exhibit B.6
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$9,000.00
Production Supervision/Month \$	\$900.00
Justification for Supervision Costs	See Exhibit B Paragraph 25
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit D
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
<b>Ownership Determination</b>	
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
<b>Joinder</b>	
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
<b>Geology</b>	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C.1
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.1
Well Orientation (with rationale)	Exhibit C.11
Target Formation	Exhibit C.3 to C.6; C.7 to C.10
HSU Cross Section	Exhibit C.4; C.8
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	



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 and C.7
Cross Section Location Map (including wells)	Exhibit C.4 and C.8
Cross Section (including Landing Zone)	Exhibit C.5 and C.9
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Deana M. Bennett
<b>Signed Name</b> (Attorney or Party Representative):	/s/ Deana M. Bennett
<b>Date:</b>	1/16/2024

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

**APPLICATION OF FRANKLIN MOUNTAIN  
ENERGY 3, LLC FOR COMPULSORY POOLING,  
AND, TO THE EXTENT NECESSARY, APPROVAL OF AN  
OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24109**

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. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit.

8. In this case, Franklin seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

9. This spacing unit will be dedicated to the **Alpha State Com 701H and Alpha State Com 801H wells**, to be horizontally drilled.

10. Franklin's proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- a. A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- b. A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

11. Attached as **Exhibit B.2** are the proposed C-102s for the wells.

12. 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.

13. The wells will develop the SCHARB; WOLFCAMP pool, Pool Code 55640.

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

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

16. The producing areas for the wells are expected to be orthodox.
17. There are no depth severances within the proposed spacing unit.
18. **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.
19. 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.
20. In my opinion, Franklin has made a good faith effort to obtain voluntary joinder of the unleased mineral interest owners in the proposed wells.
21. **Exhibit B.4** is a summary of my contacts with the working interest owners.
22. **Exhibit B.5** is a list of the parties being pooled for this case.
23. **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.
24. **Exhibit B.7** contains the Authorizations 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.
25. 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.

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

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

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

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

30. 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.

31. Franklin provided contact information for the affected parties in the overlapping spacing units.

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

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

*[Signature page follows]*

Dated: December 28, 2023

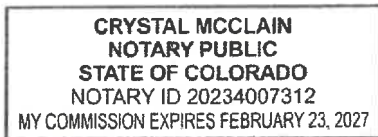
  
Don Johnson


State of Colorado

County of Denver

This record was acknowledged before me on December 28, 2023, by Don Johnson.

[Stamp]



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

My Commission Expires: 2/23/27

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

**APPLICATION OF FRANKLIN MOUNTAIN  
ENERGY 3, LLC FOR COMPULSORY POOLING,  
AND, TO THE EXTENT NECESSARY, APPROVAL OF AN  
OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24109**

**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 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 319.70-acre, more or less, Wolfcamp horizontal spacing unit.
3. Franklin plans to drill the **Alpha State Com 701H and Alpha State Com 801H** wells to a depth sufficient to test the Wolfcamp formation. The wells will be horizontally drilled, and the producing area for the wells are expected to be orthodox.



4. Franklin's proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- a. A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- b. A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

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 and approving, to the extent necessary, the overlapping spacing 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 January 4, 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 W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico;
- B. Approving, to the extent necessary, the proposed overlapping spacing unit;
- C. Designating Franklin as operator of this unit and the wells to be drilled thereon;



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

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

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

Respectfully submitted,

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

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.

Deana M. Bennett

Yarithza Peña

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*Attorneys for Applicant*

**CASE NO. 24109**: Application of Franklin Mountain Energy 3, LLC for compulsory pooling and, to the extent necessary, approval of an overlapping spacing unit, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Alpha State Com 701H and Alpha State Com 801H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. The proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

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 16 miles west of Hobbs, New Mexico.

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 55640	<sup>3</sup> Pool Name SCHARB; WOLFCAMP
<sup>4</sup> Property Code	<sup>5</sup> Property Name ALPHA STATE COM	<sup>6</sup> Well Number 701H
<sup>7</sup> OGRID No. 331595	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	<sup>9</sup> Elevation 3,858.1'

" Surface Location

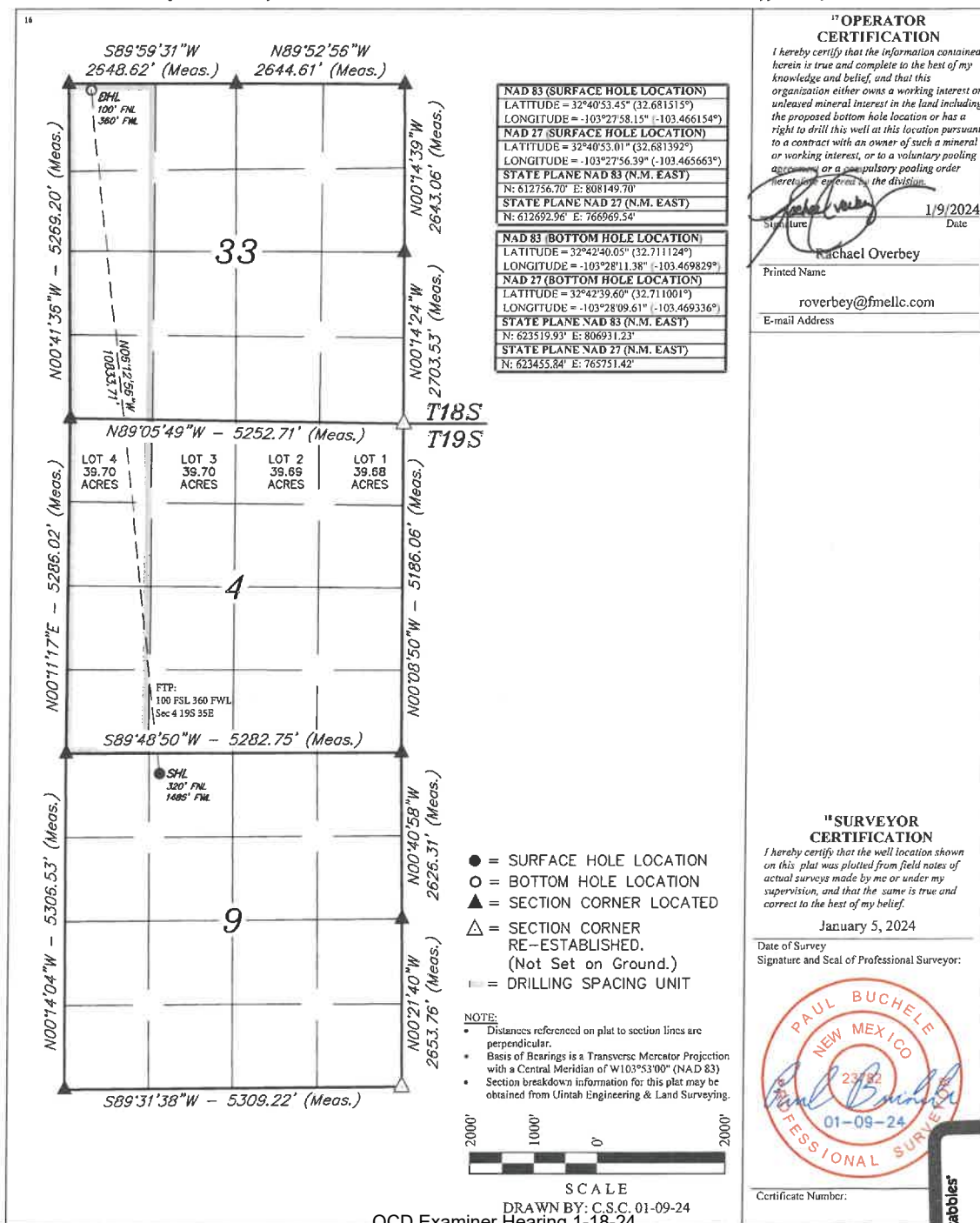
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	9	19S	35E		320	NORTH	1486	WEST	LEA

" Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	33	18S	35E		100	NORTH	360	WEST	LEA

<sup>12</sup> Dedicated Acres 319.70	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



EXHIBIT

B.2

**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**

<sup>1</sup> API Number	<sup>2</sup> Pool Code 55640	<sup>3</sup> Pool Name SCHARB; WOLF CAMP
<sup>4</sup> Property Code	<sup>5</sup> Property Name ALPHA STATE COM	<sup>6</sup> Well Number 801H
<sup>7</sup> OGRID No. 331595	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	<sup>9</sup> Elevation 3,858.2'

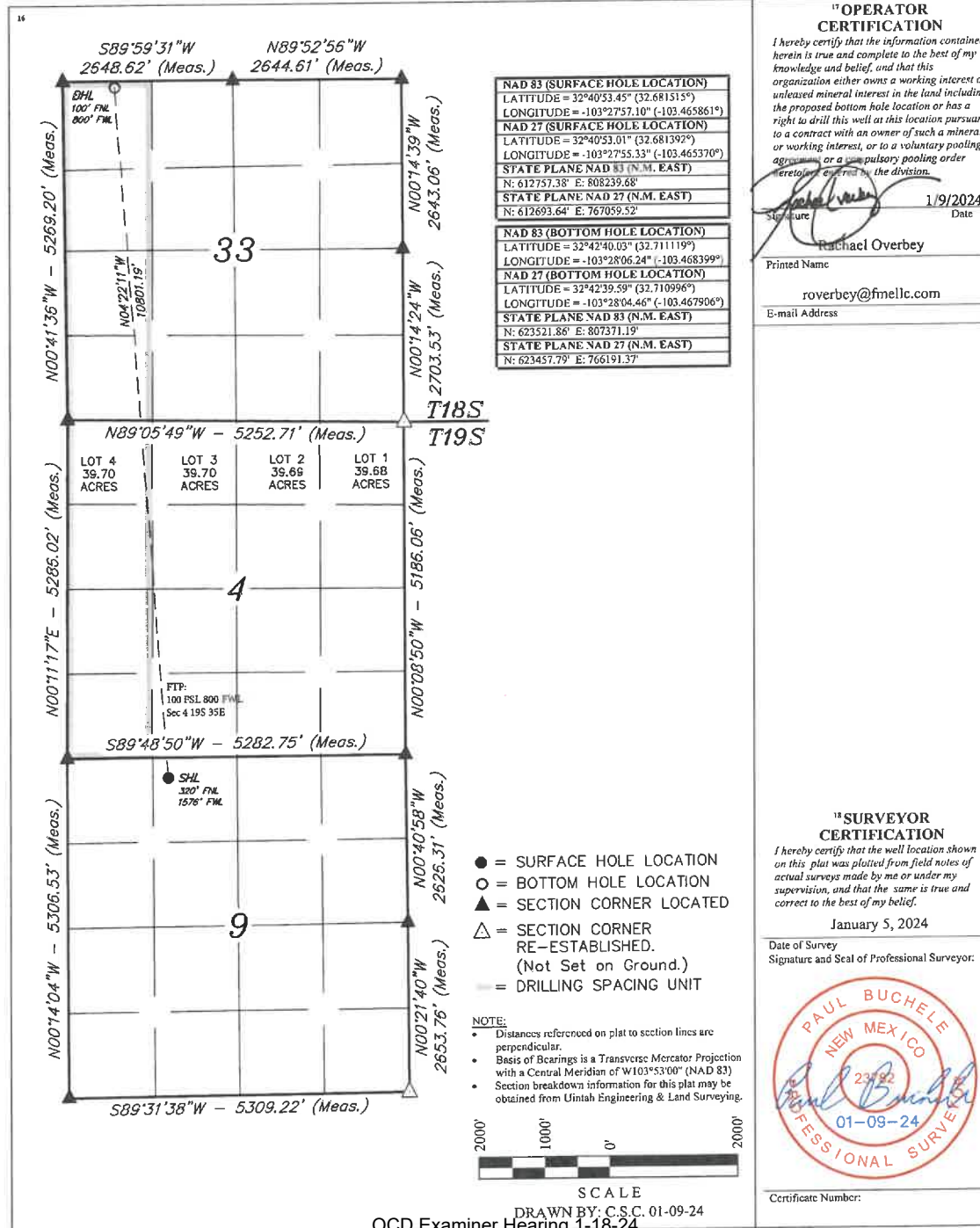
**Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	9	19S	35E		320	NORTH	1576	WEST	LEA

**Bottom Hole Location If Different From Surface**

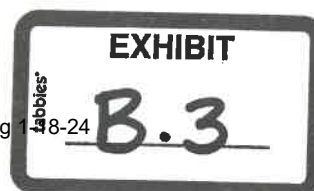
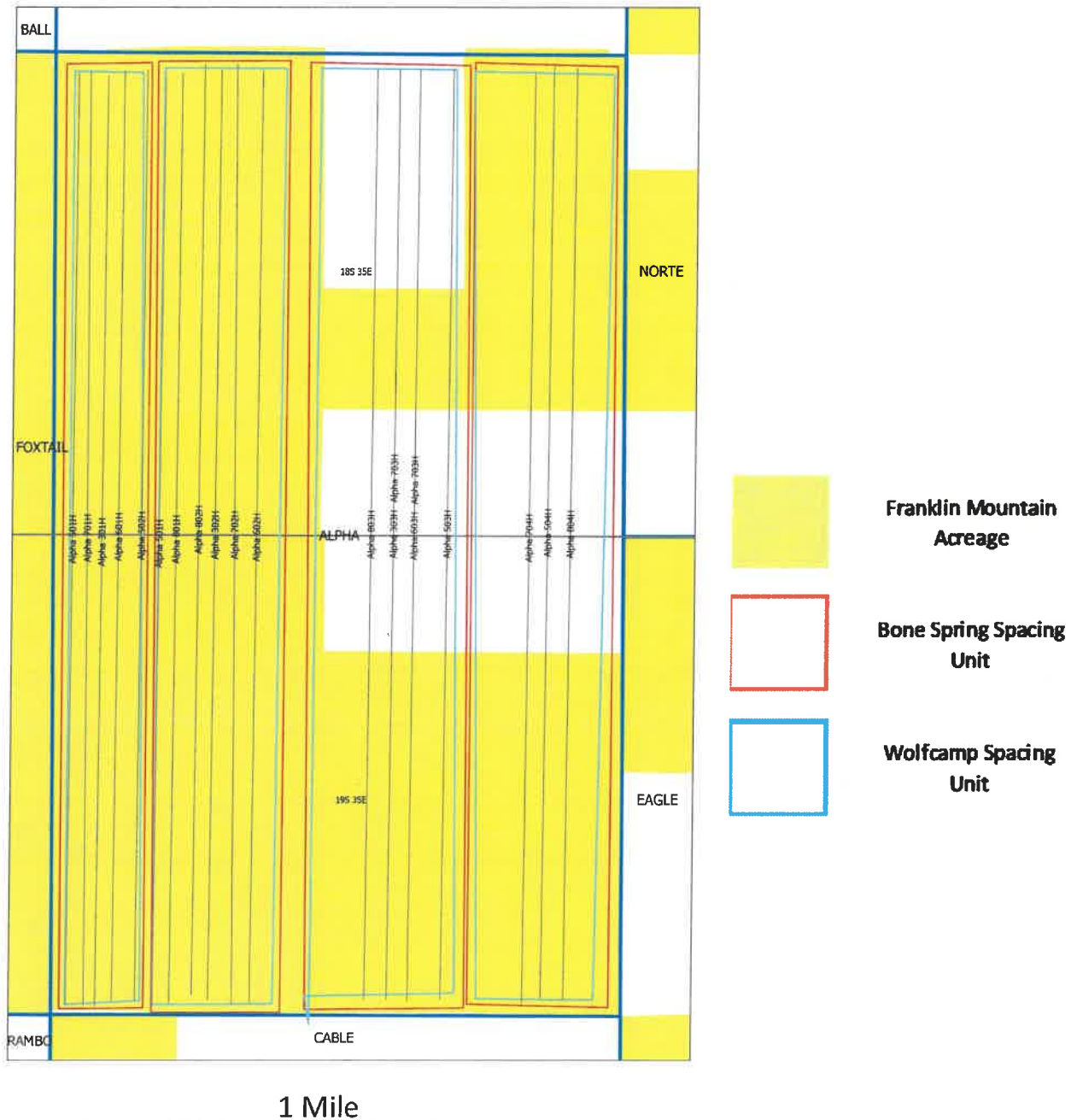
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	33	18S	35E		100	NORTH	800	WEST	LEA
<sup>12</sup> Dedicated Acres 319.70	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

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

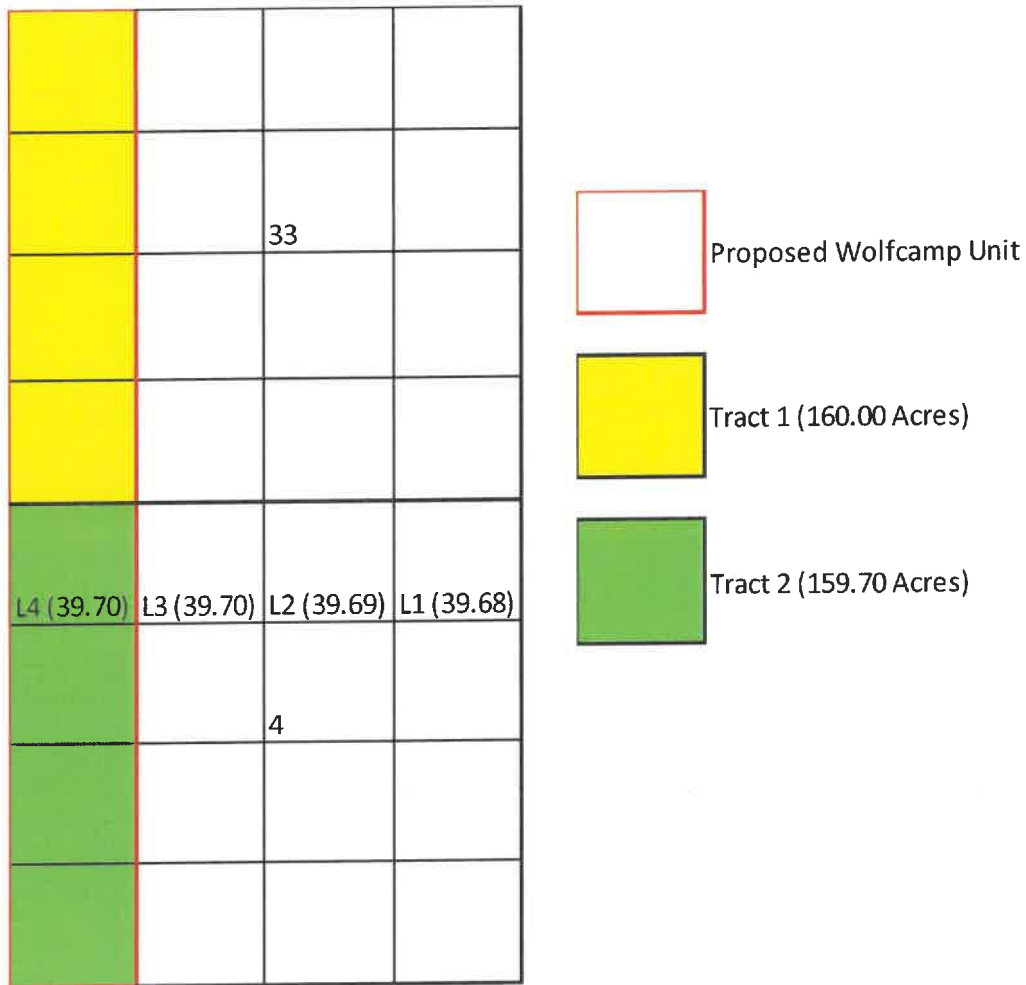


# Development Overview

Case Nos. 24109



**Lease Tract Map**  
**Case No. 24109**  
**W/2W/2 of Sections 33-T18S-35E & Section 4-T19S-R35E**  
**319.70 Acres**  
**Alpha State Com 701H**  
**Alpha State Com 801H**





**Summary of Interests**  
**Case No. 24109**  
**W/2W/2 of Sections 33-T18S-35E & Section 4-T19S-R35E**  
**319.70 Acres**  
**Alpha State Com 701H**  
**Alpha State Com 801H**

Committed Working Interest	
Franklin Mountain Energy 3, LLC	96.872068%
Uncommitted Working Interest	
TH McElvain Oil & Gas, LLLP	3.127932%
Total:	100.000000%



**Unit Recapitulation**  
**Case No. 24109**  
**W/2W/2 of Sections 33-T18S-35E & Section 4-T19S-R35E**  
**319.70 Acres**  
**Alpha State Com 701H**  
**Alpha State Com 801H**

Committed Working Interest	
Franklin Mountain Energy 3, LLC	96.872068%
Uncommitted Working Interest	
TH McElvain Oil & Gas, LLLP	3.127932%
Total:	100.000000%

		33	
L4 (39.70)	L3 (39.70)	L2 (39.69)	L1 (39.68)
		4	

Tract	Lease	%
1	VB-1359	50.0469%
2	A0-4096	49.9531%



## Summary of Contacts

### (Case No. 24103, 24104, 24105, 24106, 24107, 24108, 24109)

- Franklin retained a broker who conducted extensive title work to determine the working interest owners and other interest owners.
- Franklin sent well proposal letters to the working interest owners on or around August 24<sup>th</sup>, 2023.
- Franklin proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letters sent to working interest owners.
- Franklin had multiple communications with the uncommitted working interest owners, which I have outlined in the chart below.
- Franklin filed the application to force pool uncommitted working interest owners who had not entered in to an agreement.
- Franklin's counsel sent notices of the force pooling applications to the addresses of record for the uncommitted interest owners and also for overriding royalty interest owners.
- Franklin also published notice in a newspaper of general circulation in the county where the wells will be located.

Name	Ownership Type	Date Proposal Letter Sent	Proposal Letter Received	Follow Up
Marathon Oil Permian, LLC	WI	10/6/2023	10/10/2023	Email exchanged on 10/30/2023 about MRO interest and estimated spud dates
TH McElvain Oil & Gas LLLP	WI	10/6/2023	10/7/2023	Email Exchange on 10/9/2023 about interest and estimated spud dates. JOA negotiations



**Parties To Be Pooled  
Case No. 24109**

T.H. McElvain Oil & Gas, LLLP	WI
Luckaloy Limited Company, A New Mexico Limited Liability Company	ORRI
Susannah D. Adelson, Trustees of James Adelson & Family 2015 Trusts	ORRI
Thomaston, LLC	ORRI
William J. McCaw	ORRI
Zunis Energy, LLC	ORRI





Sent via USPS: 9405509205568859565811

October 6, 2023

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

RE: **Well Proposals**  
 Township 19 South, Range 35 East  
 Section 4: W2W2  
 Township 18 South, Range 35 East  
 Section 33: W2W2  
 Lea County, New Mexico  
 320.00 acres, more or less

Dear Working Interest Owner:

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

Well Name	Target Formation	Total Vertical Depth	Measured Depth	SHL	BHL	Total AFE	Order
Alpha State Com 301H	1BS	9,437'	19,437'	Sec 9-T19S-R35E 310 FNL 1470 FWL	Sec 33-T18S-R35E 100 FNL 800 FWL	\$11,355,549.08	N/A
Alpha State Com 501H	2BS	10,044'	20,044'	Sec 9-T19S-R35E 310 FNL 1410 FWL	Sec 33-T18S-R35E 100 FNL 360 FWL	\$11,355,549.08	N/A
Alpha State Com 601H	3BS	10,367'	20,367'	Sec 9-T19S-R35E 310 FNL 1500 FWL	Sec 33-T18S-R35E 100 FNL 800 FWL	\$11,650,592.43	N/A

44 Cook Street | Suite 1000 | Denver, CO 80206

OCD Examiner Hearing 1-18-24

No. 24109

21





Alpha State Com 701H	WCA	10,939'	20,939'	Sec 9-T19S-R35E 310 FNL 1440 FWL	Sec 33-T18S-R35E 100 FNL 360 FWL	\$11,650,592.43	N/A
Alpha State Com 801H	WCB	11,363'	21,363'	Sec 9-T19S-R35E 310 FNL 1530 FWL	Sec 33-T18S-R35E 100 FNL 800 FWL	\$11,783,083.07	N/A

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

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

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

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

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

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

Please return your signed documents to Jon Rutledge at [jrutledge@fmellc.com](mailto: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.

44 Cook Street | Suite 1000 | Denver, CO 80206





Should you have any questions, please do not hesitate to contact the undersigned at (303) 709-7007.

Respectfully,

Franklin Mountain Energy 3, LLC

A handwritten signature in blue ink, appearing to read "Jon Rutledge". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jon Rutledge  
Landman



**Alpha State Com 301H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Alpha State Com 301H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Alpha State Com 301H** well.

**Alpha State Com 501H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Alpha State Com 501H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Alpha State Com 501H** well.

**Alpha State Com 601H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Alpha State Com 601H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Alpha State Com 601H** well.

**Alpha State Com 701H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Alpha State Com 701H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Alpha State Com 701H** well.

**Alpha State Com 801H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Alpha State Com 801H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Alpha State Com 801H** well.

Owner: T.H. McElvain Oil & Gas, LLLP

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

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

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

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



# **FRANKLIN MOUNTAIN ENERGY**

## **AUTHORITY FOR EXPENDITURE**

Well Name: Alpha State Com 701H  
 Location: SHL: Sec 9-T19S-R35E 310 FNL 1440 FWL  
 BHL: Sec 33-T18S-R35E 100 FNL 360 FWL  
 Operator: Franklin Mountain Energy 3, LLC  
 Purpose: Drill and complete a 10,000' WCA well.  
 TVD 10,939', MD 20,939'.

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

Well #: 701H  
 County/State: Lea Co., NM  
 Date Prepared: 10/5/2023  
 AFE #: DCE231007

Intangible Drilling Costs			
Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,500
225	10	CASING CREW & EQPT	\$50,000
225	15	CEMENTING INTERMEDIATE CASING	\$40,000
225	16	CEMENTING PRODUCTION CASING	\$80,000
225	20	CEMENTING SURFACE CASING	\$36,000
225	25	COMMUNICATIONS	\$21,000
225	30	COMPLETION FLUIDS	\$6,000
225	34	CONSTRUCTION/LOCATION & ROAD	\$45,000
225	40	CONTRACT LABOR	\$55,000
225	45	DAMAGES	\$15,000
225	50	DAYWORK CONTRACT	\$585,000
225	55	DRILLING - DIRECTIONAL	\$220,000
225	60	DRILLING - FOOTAGE	\$90,000
225	65	DRILLING BITS	\$100,000
225	70	ELECTRICAL POWER/GENERATION	\$0
225	75	ENGINEERING	\$21,000
225	80	ENVIRONMENTAL SERVICES	\$210,000
225	84	EQUIPMENT RENTAL DOWNHOLE	\$50,000
225	85	EQUIPMENT RENTAL	\$50,000
225	90	FISHING TOOLS/SERVICES	\$0
225	95	HEALTH & SAFETY	\$9,000
225	100	HOUSING AND SUPPORT SERVICES	\$19,000
225	105	INSURANCE	\$1,900
225	106	INSPECTIONS	\$17,000
225	110	LEGAL, TITLE SERVICES	\$5,000
225	115	MATERIALS & SUPPLIES	\$5,000
225	120	MISCELLANEOUS	\$31,000
225	125	MUSE/RATHOLE/CONDUCT PIPE	\$190,000
225	130	MUD & CHEMICALS	\$0
225	140	OPENHOLE LOGGING	\$0
225	141	CASED HOLE LOGGING	\$0
225	145	PERMITS, LICENSES, ETC	\$20,000
225	150	POWER FUEL & WATER HAULING	\$170,000
225	155	RIG MOVE & RACKING COSTS	\$130,000
225	160	RIG UP TEAR OUT & STANDBY	\$0
225	163	SITE RESTORATION	\$10,000
225	165	STAKING & SURVEYING	\$6,000
225	170	SUPERVISION	\$75,000
225	175	SUPERVISION - GEOLOGICAL	\$41,400
225	180	TRANSPORTATION/TRUCKING	\$22,000
225	178	TAXES	\$134,057
225	35	CONTINGENCY COSTS 5%	\$121,870
Total Intangible Drilling Costs:			\$1,891,127

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

Tangible Facility Costs			
Major	Minor	Description	Amount
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000
270	15	CONTAINMENT	\$0
270	25	DEHYDRATION	\$0
270	30	PRIMARY POWER MATERIALS	\$56,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000
270	60	H2S TREATING EQUIPMENT	\$0
270	65	SEPARATION EQUIPMENT	\$125,000
270	66	ROAD/LOCATION/FENCING/REPAIRS	\$0
270	75	PRE-FABRICATED SKIDS	\$0
270	86	FACILITY SURFACE EQUIPMENT	\$137,000
270	90	H2S SAFETY SYSTEM	\$4,000
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$86,000
270	110	TANKS & WALKWAYS	\$90,000
270	130	MECHANICAL BATTERY BUILD	\$154,000
270	132	E&C BATTERY BUILD	\$45,000
270	134	CONTROLS AND SCADA BATTERY BUILD	\$5,000
270	136	PRIMARY POWER BUILD	\$56,000
270	138	FLOWLINE INSTALLATION	\$27,000
270	140	SIGNAGE	\$250
270	125	TAXES	\$55,674
Total Tangible Facility Costs:			\$1,067,924

Total Drilling	\$4,406,170.14
Total Completion	\$5,045,445.34
Total Facility	\$1,198,976.15
Total Intangible	\$8,190,172.34
Total DC Tangible	\$2,261,443.14

Total AFE: \$11,632,592.43

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 Walters  
 Chief Executive Officer

Date: 10/5/2023

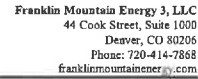
WI Owner:  
 Approved By:  
 Printed Name:

Date:  
 Title:

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

EXHIBIT

B.7



Well #:	801H
County/State:	Lea Co., NM
Date Prepared:	10/5/2023
AFE #:	DCE231009

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

Title:

Released to Imaging: 2/12/2024 10:23:38 AM

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

**APPLICATION OF FRANKLIN MOUNTAIN  
ENERGY 3, LLC FOR COMPULSORY POOLING,  
AND, TO THE EXTENT NECESSARY, APPROVAL OF AN  
OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

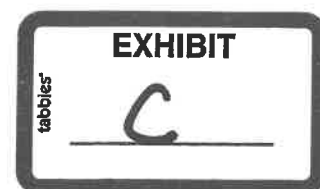
**CASE NO. 24109**

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 **Alpha State Com 701H** well, which will target the Wolfcamp A.



7. **Exhibit C.3** is a structure map of the Wolfcamp A formation. The proposed spacing unit is identified by a blue box. The Alpha State Com 701H well proposed in this case is identified by the black-dashed line. The contour interval used in this exhibit is 25 feet. This exhibit shows that the structure dips gently to the southwest.

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

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

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

11. **Exhibit C.7** through **Exhibit C.10** are the geology study I prepared for the **Alpha State Com 801H well**, which will target the Wolfcamp B.

12. **Exhibit C.7** is a structure map of the Wolfcamp B formation. The proposed spacing unit is identified by a blue box. The Alpha State Com 801H 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 Alpha State Com 801H 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 Wolfcamp B formation in the area. The target zone is identified by a bracket and the words "Producing Interval." I have also identified where the proposed well falls within the wells I used for the cross-section.

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

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.

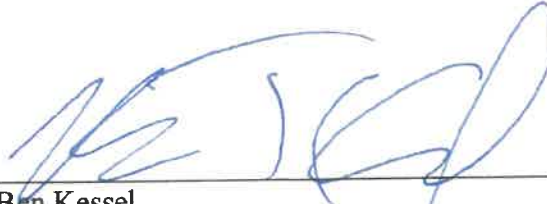
18. The preferred well orientation in this area is either north/south or south/north, nearly orthogonal to  $S_{Hmax}$ , optimal for induced fracture propagation. This is because the  $S_{Hmax}$  is at approximately 255 degrees ENE in this area of Lea County.

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: January 2nd, 2024

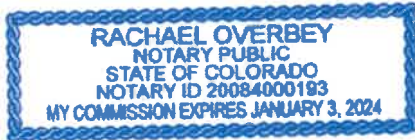
  
Ben Kessel

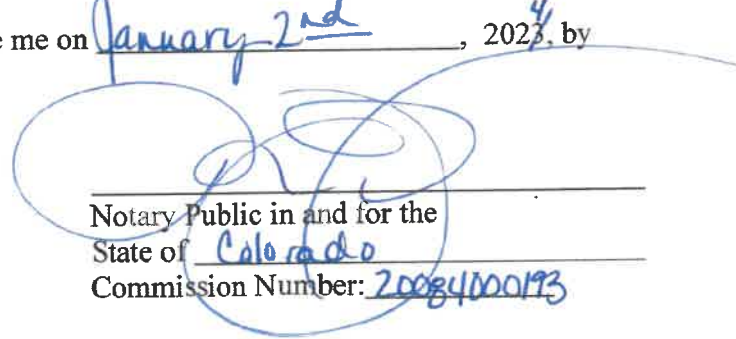
State of Colorado

County of Denver

This record was acknowledged before me on January 2nd, 202<sup>4</sup>, by  
Ben Kessel.

[Stamp]



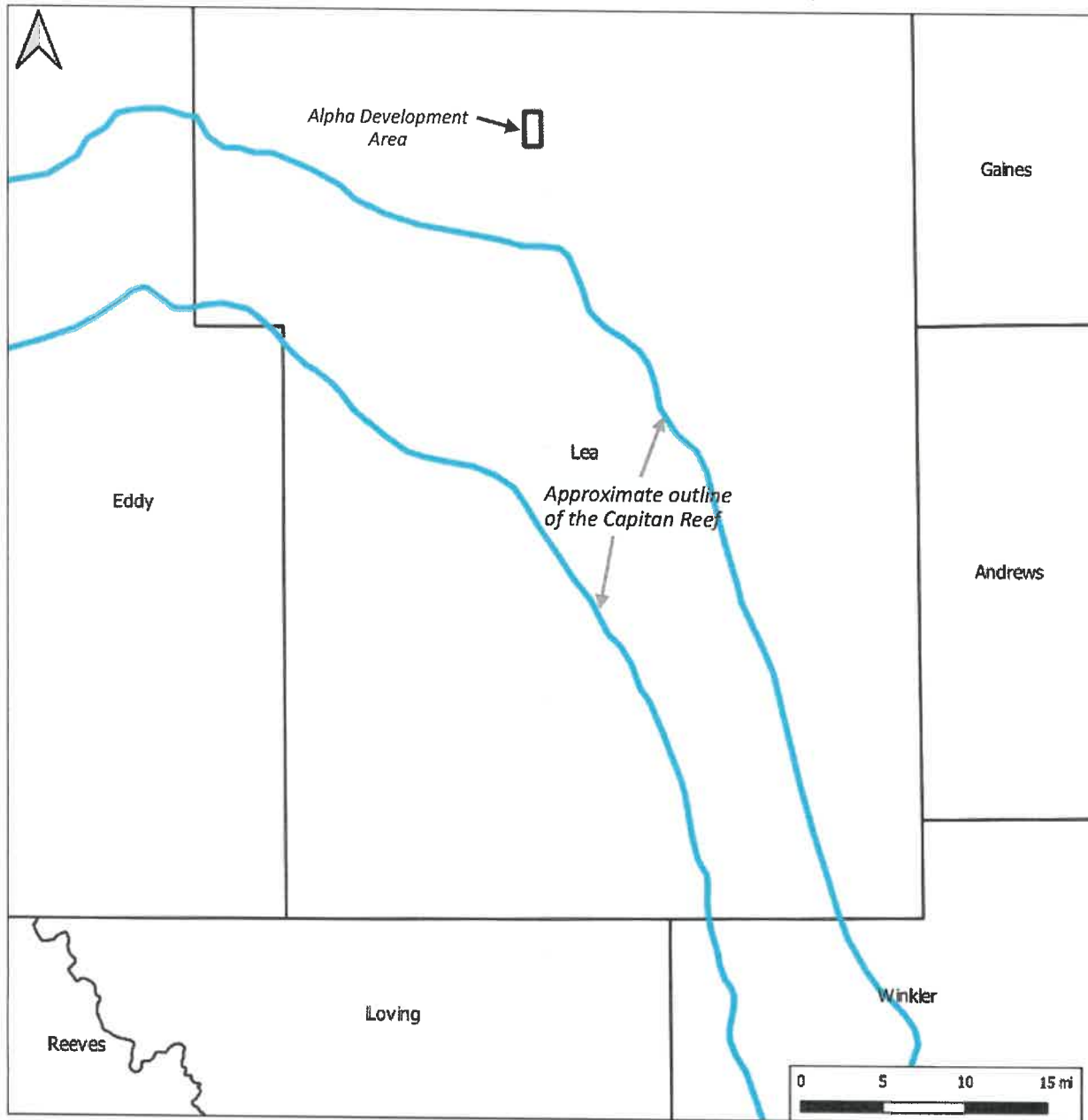
  
Notary Public in and for the  
State of Colorado  
Commission Number: 20084000193

My Commission Expires: 1/3/2024

# Alpha Development



## Locator Map



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

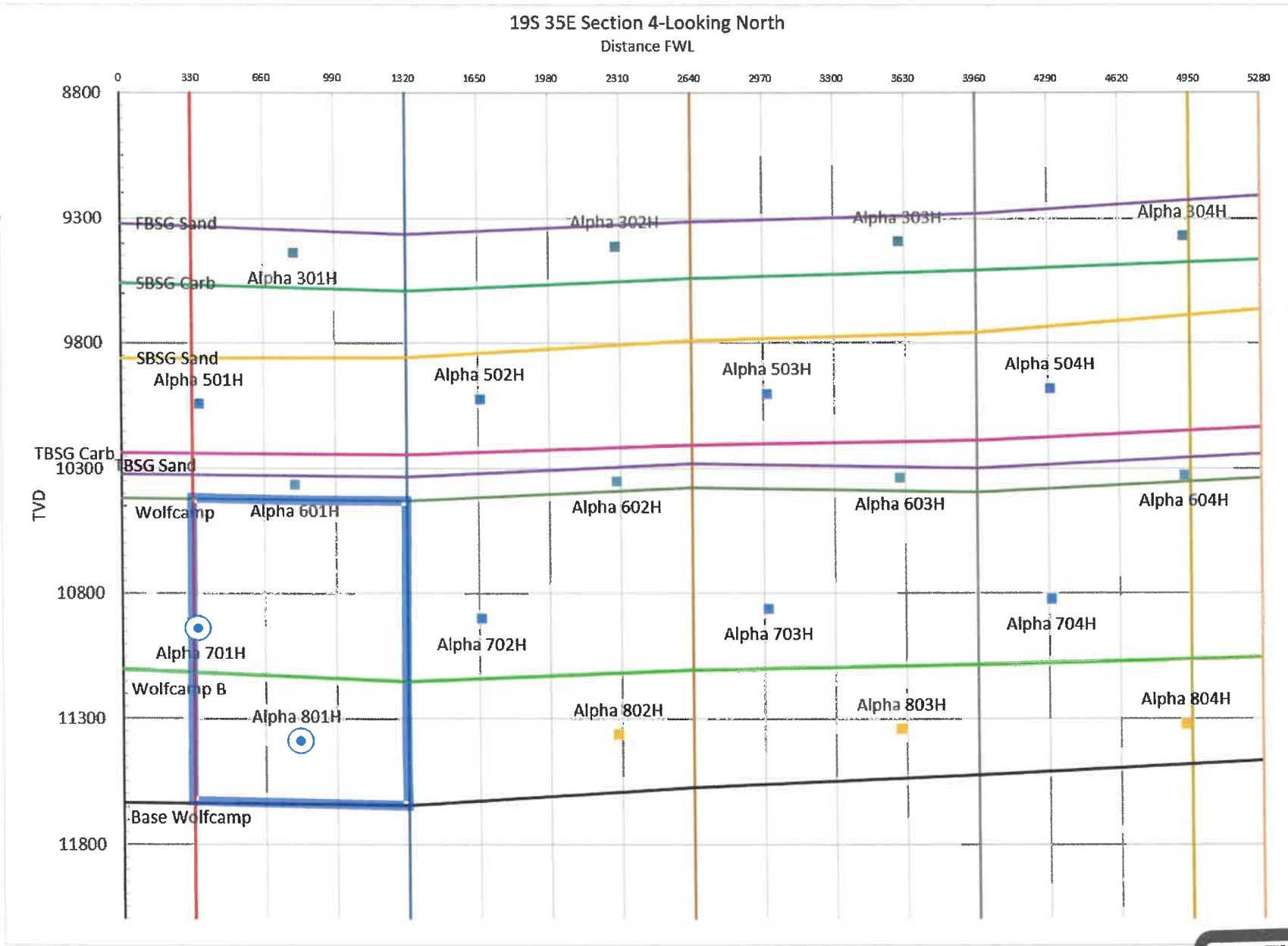
[https://www.twdb.texas.gov/publications/reports/contracted\\_reports/doc/0804830794CapitanReef/Final%20Revised%20Capitan%20PDF%20w\\_Seals.pdf](https://www.twdb.texas.gov/publications/reports/contracted_reports/doc/0804830794CapitanReef/Final%20Revised%20Capitan%20PDF%20w_Seals.pdf)

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No. 24109



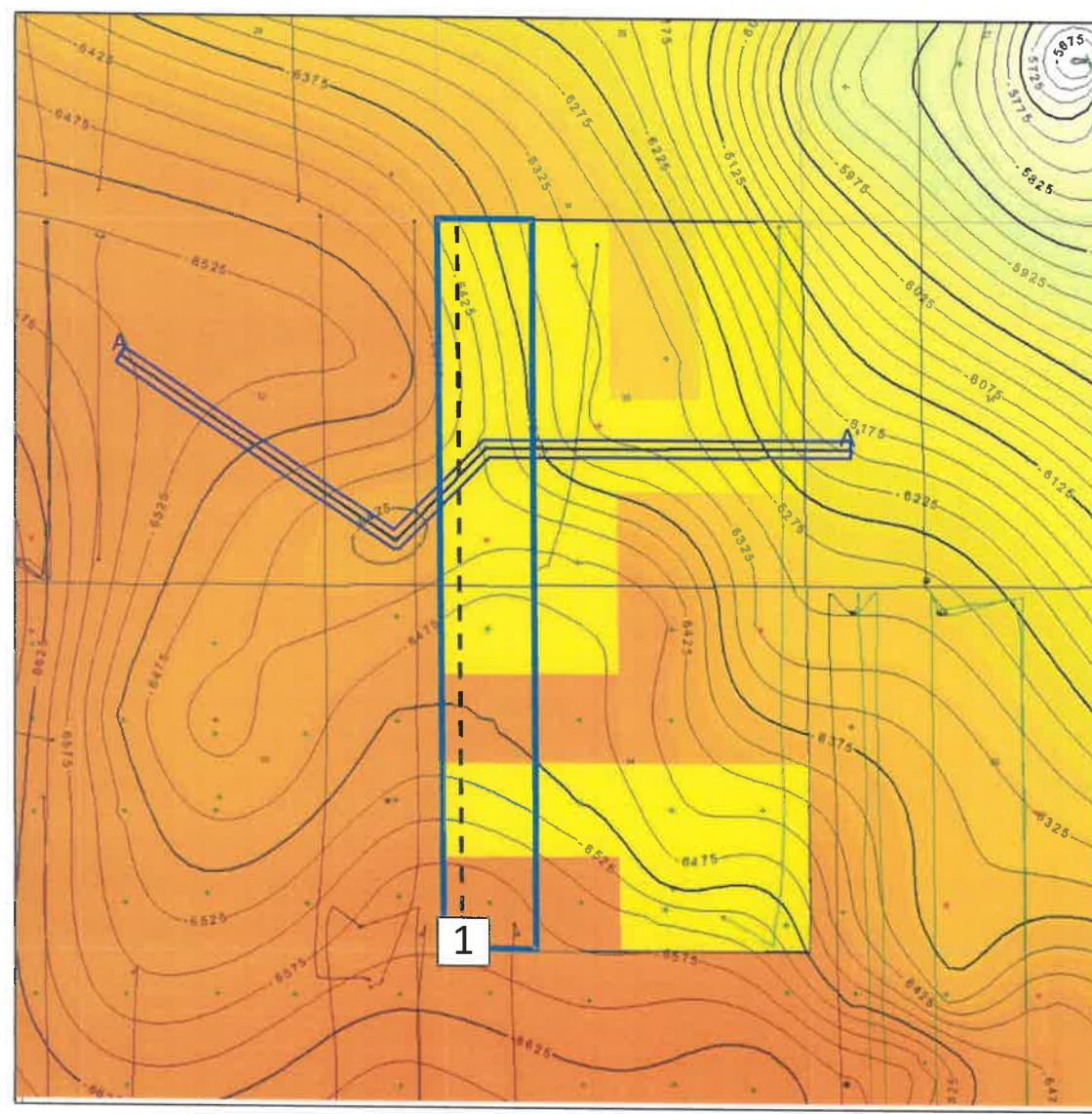
Wellbore Schematic



Proposed Lateral  
Wolfcamp Spacing Unit

EXHIBIT  
C.2

# Wolfcamp Structure



Franklin Mountain Acreage



Wolfcamp Spacing Unit

Proposed Horizontal Location

**1** Alpha State Com 701H

All wells shown

1 mile

tabbies

EXHIBIT

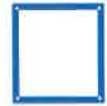
C.3



# Cross Section Reference Map



Franklin Mountain Acreage



Wolfcamp Spacing Unit

Proposed Horizontal Location

1 Alpha State Com 701H

All wells shown

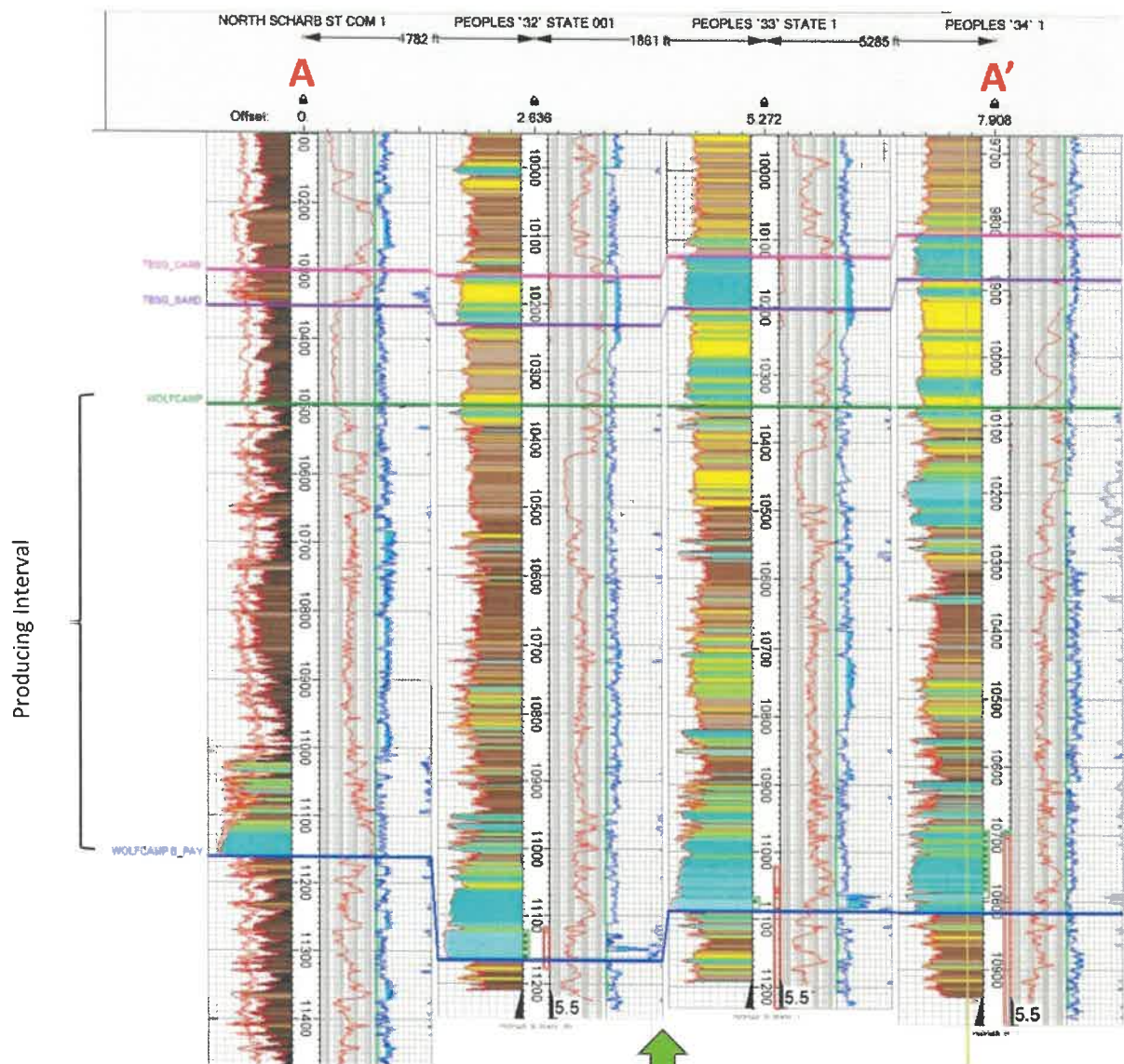
1 mile

tabbics

EXHIBIT

C.4

# Wolfcamp Cross Section



701H

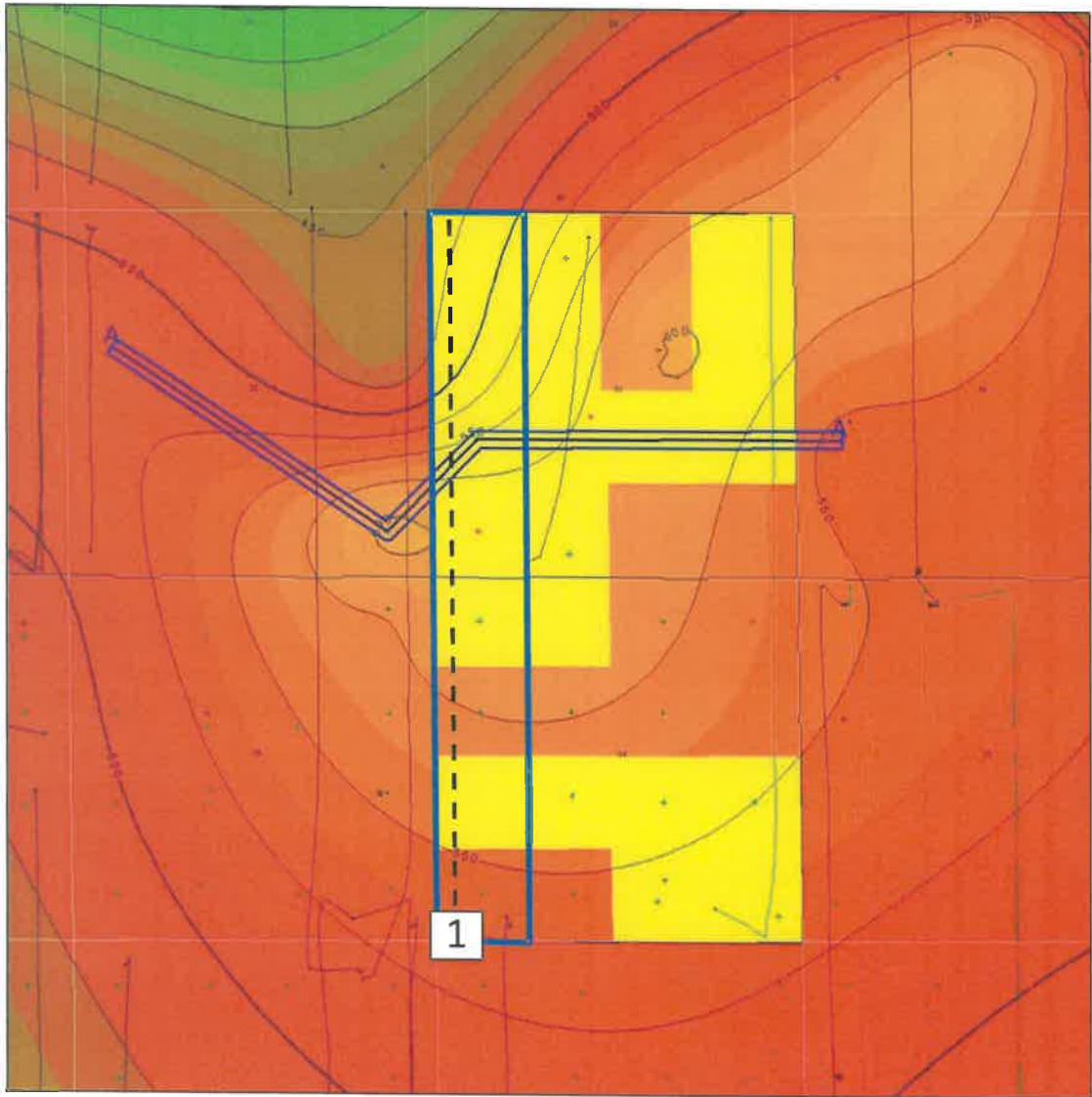
EXHIBIT

C.5

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# Wolfcamp Isopach



Franklin Mountain  
Acreage



Wolfcamp Spacing  
Unit

Proposed Horizontal Location

1

Alpha State Com 701H

All wells shown

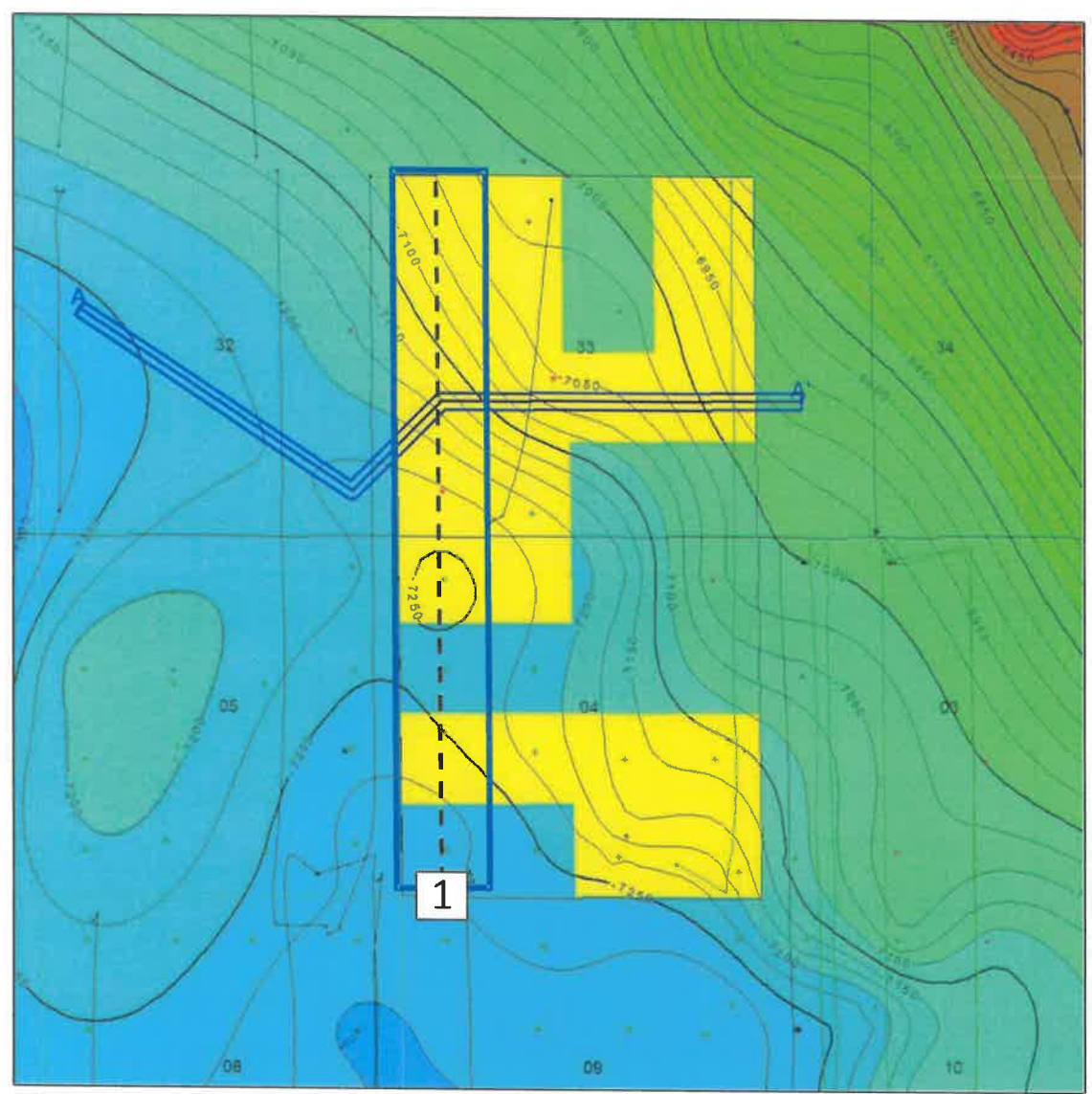
1 mile

tabbles®

EXHIBIT

C. 6

# Wolfcamp B Structure



Franklin Mountain Acreage



Wolfcamp Spacing Unit

Proposed Horizontal Location

1 Alpha State Com 801H

All wells shown

1 mile

tabbles®

EXHIBIT

C.7

Released to Imaging: 2/12/2024 10:23:38 AM

# Cross Section Reference Map



All wells shown

1 mile



Franklin Mountain Acreage



Wolfcamp Spacing Unit

Proposed Horizontal Location

1 Alpha State Com 801H

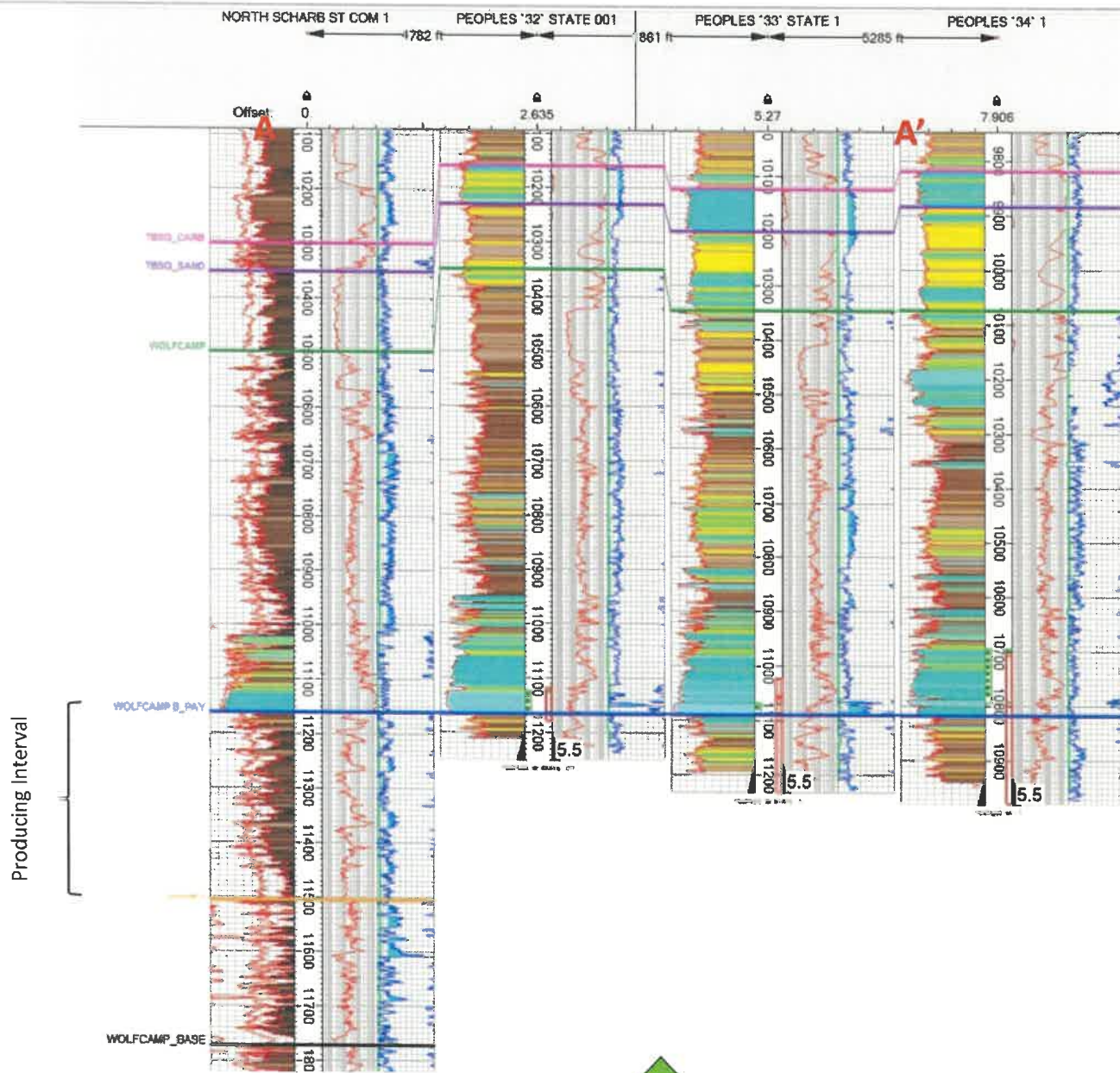
tabbies

EXHIBIT

C.8



# Wolfcamp B Cross Section



801H

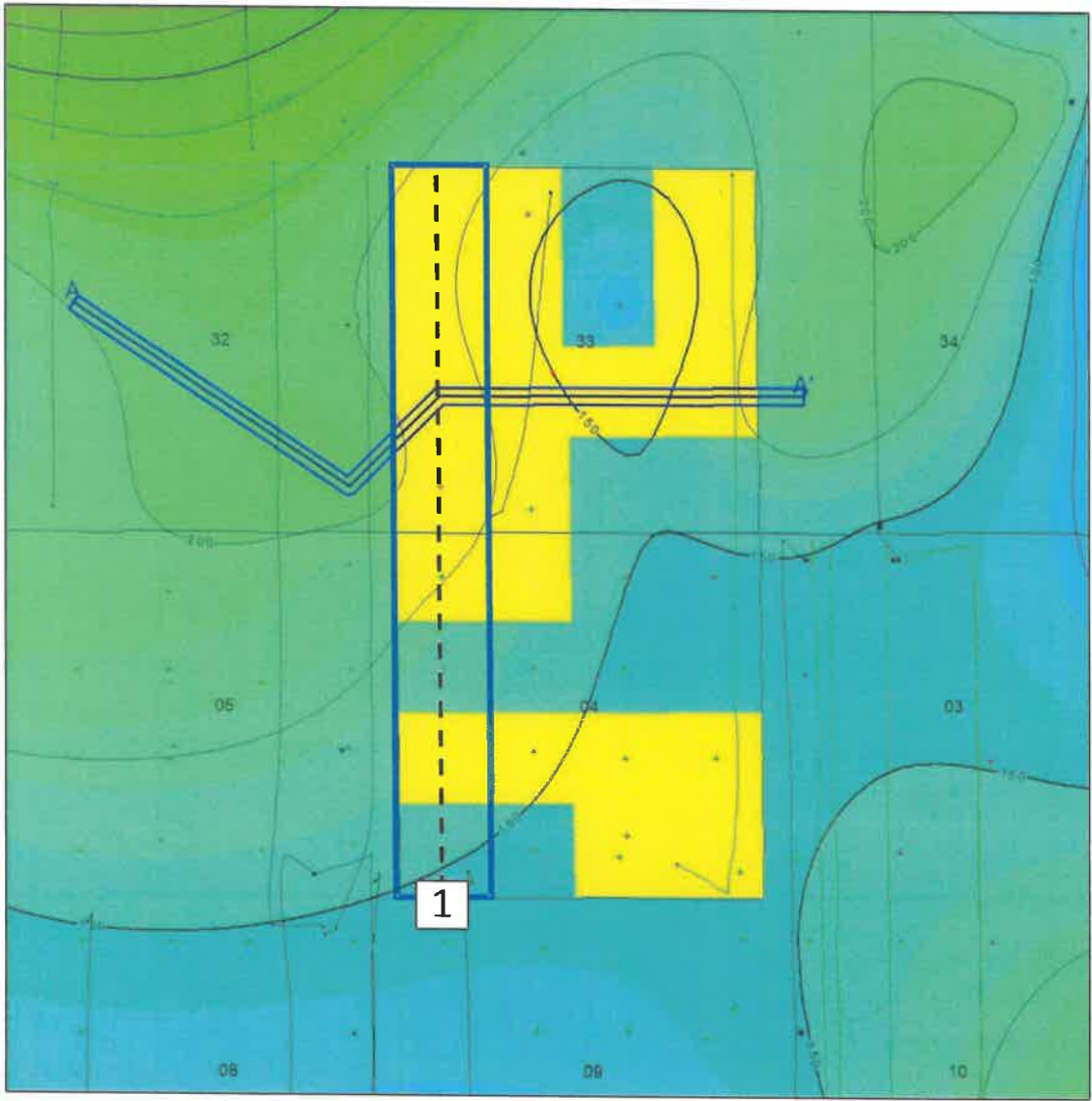
OCD Examiner Hearing 1-18-24  
No. 24109

tabbles<sup>®</sup>

EXHIBIT

C.9

# Wolfcamp B Isopach



Franklin Mountain Acreage



Wolfcamp Spacing Unit

Proposed Horizontal Location

1 Alpha State Com 801H

All wells shown

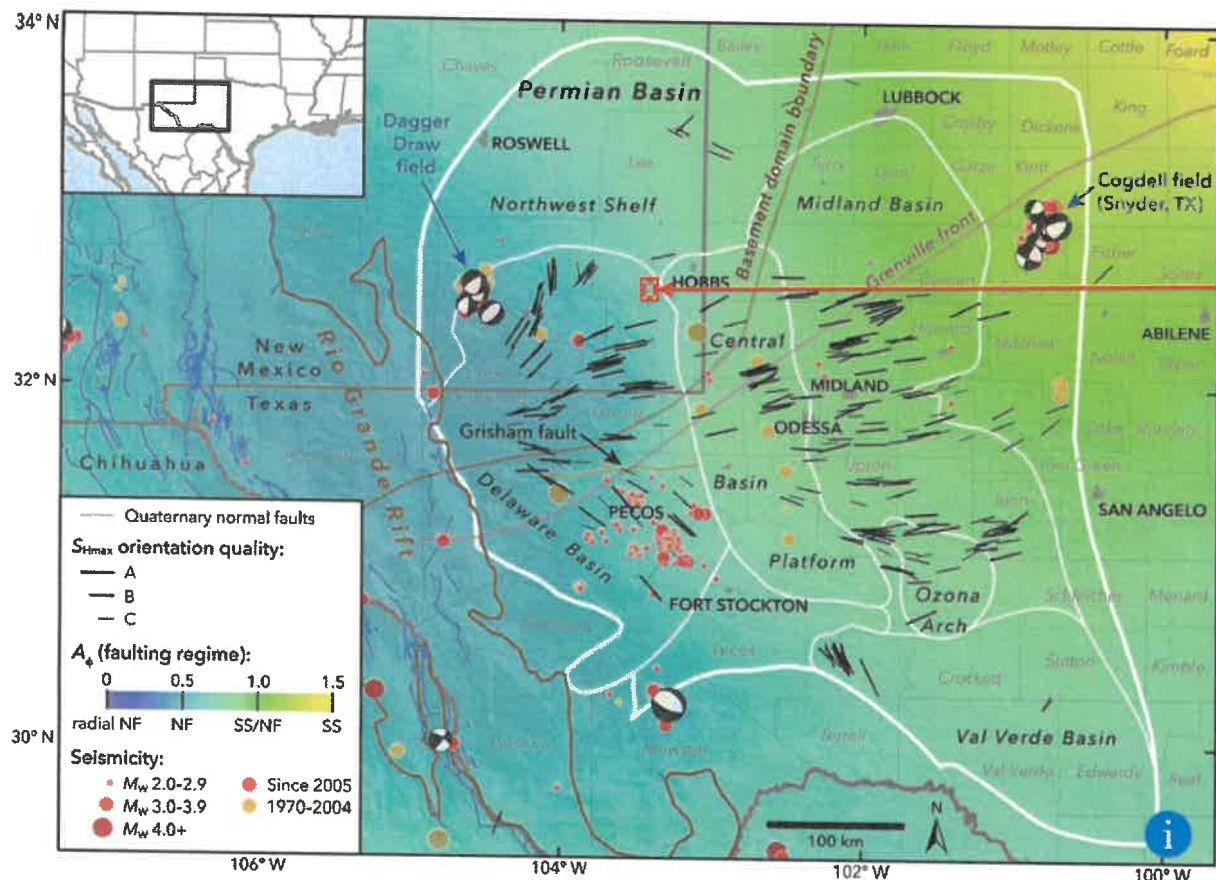
1 mile

tabbles®

EXHIBIT

C.10

# Regional Stress



- Red box shows the approximate location of the Alpha development
- Reported local  $S_{Hmax}$  (Snee and Zoback, 2018) direction is ENE, around  $255^\circ$
- The Alpha State Com Wolfcamp 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](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,  
AND, TO THE EXTENT NECESSARY, APPROVAL OF AN  
OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24109**

**SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT**

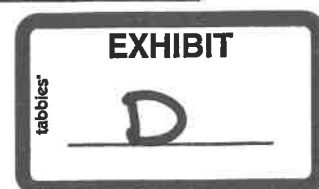
Deana M. Bennett, attorney in fact and authorized representative of Franklin Mountain Energy 3, LLC, the Applicant herein, declares as follows:

- 1) The above-referenced Application was provided under notice letter, dated December 15, 2023, and attached hereto, as Exhibit A.
- 2) Exhibit B is the mailing list, which show the notice letters were delivered to the USPS for mailing on December 15, 2023.
- 3) Exhibit C is the certified mailing tracking information, which is automatically compiled by CertifiedPro, the software Modrall uses to track the mailings. This shows the names and addresses of the parties to whom notice was sent and proof of delivery.
- 4) Exhibit D is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the January 4, 2024 hearing was published on December 19, 2023.
- 5) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: December 28, 2023.

*Deana M. Bennett*

Deana M. Bennett







MODRALL SPERLING

L A W Y E R S

December 15, 2023

Deana M. Bennett  
505.848.1834  
dmb@modrall.com

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**Re: APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC  
FOR COMPULSORY POOLING, AND, TO THE EXTENT  
NECESSARY, APPROVAL OF AN OVERLAPPING SPACE,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 24109**

TO: AFFECTED PARTIES

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

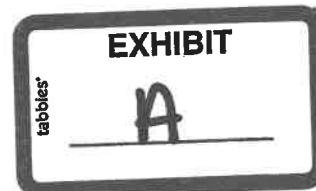
In Case No. 24109, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Alpha State Com 701H and Alpha State Com 801H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. The proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

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

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

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168  
Tel: 505.848.1800  
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Page 2

the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

**The hearing will be conducted remotely on January 4, 2024 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>. This hearing is subject to continuance by the Division to a subsequent docket date.**

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

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

Sincerely,



Deana M. Bennett  
*Attorney for Applicant*

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

**APPLICATION OF FRANKLIN MOUNTAIN  
ENERGY 3, LLC FOR COMPULSORY POOLING,  
AND, TO THE EXTENT NECESSARY, APPROVAL OF AN  
OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

CASE NO. 24109

**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 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 319.70-acre, more or less, Wolfcamp horizontal spacing unit.
3. Franklin plans to drill the **Alpha State Com 701H and Alpha State Com 801H wells** to a depth sufficient to test the Wolfcamp formation. The wells will be horizontally drilled, and the producing area for the wells are expected to be orthodox.

4. Franklin's proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- a. A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- b. A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

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 and approving, to the extent necessary, the overlapping spacing 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 January 4, 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 W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

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

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

- D. Authorizing Franklin to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: /s/ Deana M. Bennett  
Earl E. DeBrine, Jr.  
Deana M. Bennett  
Yarithza Peña  
Post Office Box 2168  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
[edebrine@modrall.com](mailto:edebrine@modrall.com)  
[deana.bennett@modrall.com](mailto:deana.bennett@modrall.com)  
[yarithza.pena@modrall.com](mailto:yarithza.pena@modrall.com)  
*Attorneys for Applicant*

**CASE NO. 24109: Application of Franklin Mountain Energy 3, LLC for compulsory pooling and, to the extent necessary, approval of an overlapping spacing unit, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Alpha State Com 701H and Alpha State Com 801H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. The proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

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 16 miles west of Hobbs, New Mexico.

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
12/15/2023

Firm Mailing Book ID: 257477

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0115 2021 71	LUCKALOY LIMITED COMPANY A New Mexico Limited Liability Co. 88 WEST COMPRESS ROAD ARTESIA NM 88210	\$1.59	\$4.35	\$2.20	\$0.00	10154.No. 24109. Notice
2	9314 8699 0430 0115 2021 88	STATE OF NEW MEXICO, BY AND THROUGH ITS Commissioner of Public Lands PO BOX 1148 SANTA FE NM 87504	\$1.59	\$4.35	\$2.20	\$0.00	10154.No. 24109. Notice
3	9314 8699 0430 0115 2021 95	SUSANNAH D. ADELSON, TRUSTEES of James Adelson & Family 2015 Trusts 15 EAST 5TH STREET, SUITE 3300 TULSA OK 74103	\$1.59	\$4.35	\$2.20	\$0.00	10154.No. 24109. Notice
4	9314 8699 0430 0115 2022 01	T.H. MCELVAIN OIL & GAS, LLLP 1050 17TH STREET, SUITE 1800 DENVER CO 80265	\$1.59	\$4.35	\$2.20	\$0.00	10154.No. 24109. Notice
5	9314 8699 0430 0115 2022 18	THOMASTON, LLC 1819 DENVER WEST DRIVE, SUITE 260 LAKEWOOD CO 80401	\$1.59	\$4.35	\$2.20	\$0.00	10154.No. 24109. Notice
6	9314 8699 0430 0115 2022 25	WILLIAM J. MCCAWE PO BOX 376 ARTESIA NM 88211	\$1.59	\$4.35	\$2.20	\$0.00	10154.No. 24109. Notice
7	9314 8699 0430 0115 2022 32	ZUNIS ENERGY, LLC 15 EAST 5TH STREET, SUITE 3300 TULSA OK 74103	\$1.59	\$4.35	\$2.20	\$0.00	10154.No. 24109. Notice
<b>Totals:</b>			<b>\$11.13</b>	<b>\$30.45</b>	<b>\$15.40</b>	<b>\$0.00</b>	
			<b>Grand Total:</b>			<b>\$56.98</b>	

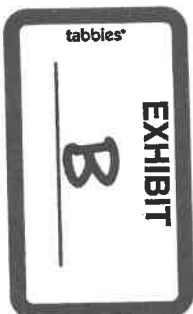
List Number of Pieces  
Listed by Sender

7

Total Number of Pieces  
Received at Post Office

Postmaster:  
Name of receiving employee

Dated:





Transaction Report Details - CertifiedPro.net											
Firm Mail Book ID= 257477											
Generated: 12/28/2023 2:19:57 PM											
USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date	
9314869904300115202232	2023-12-15 9:43 AM	10154.No. 24109.	ZUNIS ENERGY, LLC		TULSA	OK	74103	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-18 1:08 PM	
9314869904300115202225	2023-12-15 9:43 AM	10154.No. 24109.	WILLIAM J. MCCAW		ARTESIA	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-21 9:44 AM	
9314869904300115202218	2023-12-15 9:43 AM	10154.No. 24109.	THOMASTON, LLC		LAKEWOOD	CO	80401	Mailed	Return Receipt - Electronic, Certified Mail		
9314869904300115202201	2023-12-15 9:43 AM	10154.No. 24109.	T.H. MCELVAIN OIL & GAS, LLLP		DENVER	CO	80265	Mailed	Return Receipt - Electronic, Certified Mail		
9314869904300115202195	2023-12-15 9:43 AM	10154.No. 24109.	SUSANNAH D. ADELSON, TRUSTEES of	James Adelson & Family 2015 Trusts	TULSA	OK	74103	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-18 1:08 PM	
9314869904300115202188	2023-12-15 9:43 AM	10154.No. 24109.	STATE OF NEW MEXICO, BY AND THROUGH ITS	Commissioner of Public Lands	SANTA FE	NM	87504	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-18 10:27 AM	
9314869904300115202171	2023-12-15 9:43 AM	10154.No. 24109.	LUCKALOY LIMITED COMPANY	A New Mexico Limited Liability Co.	ARTESIA	NM	88210	To be Returned	Return Receipt - Electronic, Certified Mail		




LEGAL NOTICE  
December 19, 2023**Affidavit of Publication**STATE OF NEW MEXICO  
COUNTY OF LEA

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

Beginning with the issue dated  
December 19, 2023  
and ending with the issue dated  
December 19, 2023.

  
Publisher

Sworn and subscribed to before me this  
19th day of December 2023.

  
Business Manager

My commission expires

January 29, 2025  
**STATE OF NEW MEXICO**  
**NOTARY PUBLIC**  
**GUSSIE RUTH BLACK**  
**COMMISSION # 1087526**  
**COMMISSION EXPIRES 01/29/2025**

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

**CASE NO. 24103: Notice to all affected parties, as well as heirs and devisees of: CEP Minerals; Collins & Jones Investments, LLC; Crown Oil Partners, LP; David W. Cromwell; Deane Durham; Good News Minerals, LLC; H. Jason Wacker; Kaleb Smith; KMF Land, LLC; LMC Energy, LLC; Luckaloy Limited Company, A New Mexico Limited Liability Company; Marathon Oil Permian, LLC; MCT Energy, Ltd.; Mike Moylett; Oak Valley Mineral and Land, LP; Post Oak Crown IV, LLC; Post Oak Crown IVB, LLC; Post Oak Mavros, II, LLC; SB Land, LLC; Sortida Resources, LLC; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; William J. McCaw; Zunis Energy, LLC 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.68-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 704H and Alpha State Com 804H wells**, to be horizontally drilled. The producing area for the wells are 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 16 miles west of Hobbs, New Mexico.

**CASE NO. 24104: Notice to all affected parties, as well as heirs and devisees of: Luckaloy Limited Company, a New Mexico Limited Liability Company; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustee of the James Adelson and Family 2015 Trusts; T.H. McElvain Oil & Gas, LLLP; Thomaston, LLC; William J. McCaw; XTO Holdings, LLC; Zunis Energy, LLC of the Application of Franklin Mountain Energy 3, LLC for compulsory pooling and, to the extent necessary, approval of an overlapping spacing unit, Lea County, New Mexico.** The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 3, the SE/4 NW/4 and E/2 SW/4 of Section 4 (E/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Alpha State Com 302H, Alpha State Com 502H, and Alpha State Com 602H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. The proposed horizontal spacing unit will overlap with the following existing Bone Spring spacing unit:  
• A 160-acre horizontal spacing unit comprised of the E2W2 of Section 33 dedicated to Franklin Mountain's Ironhouse 33 NC State Com #001H well (API 30-025-40868).

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 16 miles west of Hobbs, New Mexico.

**CASE NO. 24105: CEP Minerals; Collins & Jones Investments, LLC; Crown Oil Partners, LP; David W. Cromwell; Deane Durham; Good News Minerals, LLC; H. Jason Wacker; Kaleb Smith; KMF Land, LLC; LMC Energy, LLC; Luckaloy Limited Company, A New Mexico Limited Liability Company; Marathon Oil Permian, LLC; MCT Energy, Ltd.; Mike Moylett; Oak Valley Mineral and Land, LP; Post Oak Crown IV, LLC; Post Oak Crown IVB, LLC; Post Oak Mavros, II, LLC; SB Land, LLC; Sortida Resources, LLC; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; William J. McCaw; Zunis Energy, LLC of the Notice to all affected parties, as well as heirs and devisees of: 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.69-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 703H and Alpha State Com 803H wells**, to be horizontally drilled. The producing area for the wells are 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 16 miles west of Hobbs, New Mexico.

**CASE NO. 24106: Notice to all affected parties, as well as heirs and devisees of: Luckaloy Limited Company, a New Mexico Limited Liability Company; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustee of the James Adelson and Family 2015 Trusts; T.H. McElvain Oil & Gas, LLLP; Thomaston, LLC; William J. McCaw; XTO Holdings, LLC; Zunis Energy, LLC 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 3, the SE/4 NW/4 and E/2 SW/4 of Section 4 (E/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 702H and Alpha State Com 802H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of 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 16 miles west of Hobbs, New Mexico.

**CASE NO. 24107: Notice to all affected parties, as well as heirs and devisees of: CEP Minerals; Collins & Jones Investments, LLC; Crown Oil Partners, LP; David W. Cromwell; Deane Durham; Good News Minerals, LLC; H. Jason Wacker; Kaleb Smith; KMF Land, LLC; LMC Energy, LLC; Luckaloy Limited Company, A New Mexico Limited Liability Company; Marathon Oil Permian, LLC; MCT Energy, Ltd.; Mike Moylett; Oak Valley Mineral and Land, LP; Post Oak Crown IV, LLC; Post Oak Crown IVB, LLC; Post Oak Mavros, II, LLC; SB Land, LLC; Sortida Resources, LLC; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; William J. McCaw; Zunis Energy, LLC 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 3, the SE/4 NW/4 and E/2 SW/4 of Section 4 (E/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 702H and Alpha State Com 802H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of 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 16 miles west of Hobbs, New Mexico.

**EXHIBIT****D**



**CASE NO. 24107:** Notice to all affected parties, as well as heirs and devisees of: CEP Minerals; Collins & Jones Investments, LLC; Crown Oil Partners, LP; David W. Cromwell; Deane Durham; G & C; Good News Minerals, LLC; H. Jason Wacker; Kaleb Smith; KMF Land, LLC; LMC Energy, LLC; Luckaloy Limited Company, A New Mexico Limited Liability Company; Marathon Oil Permian, LLC; MCT Energy, Ltd.; Mike Moylett; Oak Valley Mineral and Land, LP; Post Oak Crown IV, LLC; Post Oak Crown IVB, LLC; Post Oak Mavros, II, LLC; SB Land, LLC; Sortida Resources, LLC; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; William J. McCaw; Zunis Energy, LLC 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oed/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.69-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 303H, Alpha State Com 503H, and Alpha State Com 603H wells**, to be horizontally drilled. The producing area for the wells are 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 16 miles west of Hobbs, New Mexico.

**CASE NO. 24108:** Notice to all affected parties, as well as heirs and devisees of: Luckaloy Limited Company, a New Mexico Limited Liability Company; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; T.H. McElvain Oil & Gas, LLLP; Thomaston, LLC; William J. McCaw; XTO Holdings, LLC; Zunis Energy, LLC 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oed/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 301H, Alpha State Com 501H, and Alpha State Com 601H wells**, to be horizontally drilled. The producing area for the wells are 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 16 miles west of Hobbs, New Mexico.

**CASE NO. 24109:** Notice to all affected parties, as well as heirs and devisees of: Luckaloy Limited Company, a New Mexico Limited Liability Company; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; T.H. McElvain Oil & Gas, LLLP; Thomaston, LLC; William J. McCaw; Zunis Energy, LLC of the Application of Franklin Mountain Energy 3, LLC for compulsory pooling and, to the extent necessary, approval of an overlapping spacing unit, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oed/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Alpha State Com 701H and Alpha State Com 801H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. The proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

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 16 miles west of Hobbs, New Mexico.

#00285871

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

APPLICATION OF FRANKLIN MOUNTAIN  
ENERGY 3, LLC FOR COMPULSORY POOLING,  
AND, TO THE EXTENT NECESSARY, APPROVAL  
OF AN OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO

CASE NO. 24109

**SUPPLEMENTAL 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) Following the hearing in the above mentioned on January 18, 2024, notice of the overlapping spacing unit application was provided to G & C Operating, LLC.
- 2) The above-referenced Application was provided under notice letter, dated January 19, 2024, and attached hereto, as **Exhibit F**.
- 3) **Exhibit G** is the certified mailing tracking information, which is automatically complied by CertifiedPro, the software Modrall uses to track the mailings. This shows the name and address of the party to whom notice was sent and proof of delivery.
- 4) 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: February 9, 2024

*Deana M. Bennett*

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





January 19, 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, AND, TO THE EXTENT  
NECESSARY, APPROVAL OF AN OVERLAPPING SPACE,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 24109**

TO: AFFECTED PARTIES

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

In Case No. 24109, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Alpha State Com 701H and Alpha State Com 801H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. The proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

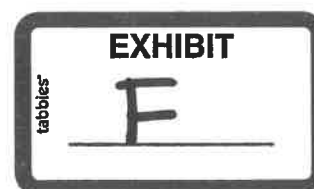
- A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

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 16 miles west of Hobbs, New Mexico.

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

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
www.modrall.com



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The hearing was continued from January 18, 2024 to February 15, 2024 for notice purposes. 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, 1<sup>st</sup> Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform on February 15, 2024 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

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

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

Sincerely,



Deana M. Bennett

*Attorney for Applicant*

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

**APPLICATION OF FRANKLIN MOUNTAIN  
ENERGY 3, LLC FOR COMPULSORY POOLING,  
AND, TO THE EXTENT NECESSARY, APPROVAL OF AN  
OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

CASE NO. 24109

**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 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 319.70-acre, more or less, Wolfcamp horizontal spacing unit.
3. Franklin plans to drill the **Alpha State Com 701H and Alpha State Com 801H wells** to a depth sufficient to test the Wolfcamp formation. The wells will be horizontally drilled, and the producing area for the wells are expected to be orthodox.



4. Franklin's proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- a. A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- b. A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

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 and approving, to the extent necessary, the overlapping spacing 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 January 4, 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 W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico;
- B. Approving, to the extent necessary, the proposed overlapping spacing unit;
- C. Designating Franklin as operator of this unit and the wells to be drilled thereon;

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

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

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

Respectfully submitted,

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

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.

Deana M. Bennett

Yarithza Peña

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

[edebrine@modrall.com](mailto:edebrine@modrall.com)

[deana.bennett@modrall.com](mailto:deana.bennett@modrall.com)

[yarithza.pena@modrall.com](mailto:yarithza.pena@modrall.com)

*Attorneys for Applicant*

**CASE NO. 24109: Application of Franklin Mountain Energy 3, LLC for compulsory pooling and, to the extent necessary, approval of an overlapping spacing unit, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Alpha State Com 701H and Alpha State Com 801H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. The proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
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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 16 miles west of Hobbs, New Mexico.

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
01/19/2024

Firm Mailing Book ID: 259170

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

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0116 3128 31	G&C P.O. Box 1618 Artesia NM 88211	\$1.59	\$4.35	\$2.20	\$0.00	10154.0001 Alpha No.
Totals:			\$1.59	\$4.35	\$2.20	\$0.00	
Grand Total:						\$8.14	

List Number of Pieces  
Listed by Sender

Total Number of Pieces  
Received at Post Office

Postmaster:  
Name of receiving employee

Dated:

1



Transaction Details

<b>Recipient:</b> G&C P.O. Box 1618 Artesia, NM 88211	<b>Date Created:</b> 01/19/2024 2:48 PM <b>Date Mailed:</b> 01/19/2024 <b>Date Mail Delivered:</b> 01/24/2024 11:45 AM <b>USPS Article Number:</b> 9314869904300116312831 <b>Return Receipt Article Number:</b> Not Applicable
<b>Sender:</b> Karlene Schuman Modrall Sperling Roehl Harris & Sisk P.A. PO Box 2168  Albuquerque, NM 87103	<b>Service Options:</b> Return Receipt - Electronic Certified Mail  <b>Mail Service:</b> Certified <b>Reference #:</b> 10154.0001 Alpha No. 24109 <b>Postage:</b> \$1.59 <b>Certified Mail Fees:</b> \$6.55 <b>Status:</b> Delivered <b>Custom Field 1:</b> 10154.0001 Alpha No. 24109
<b>Transaction created by:</b> Karlenes <b>User ID:</b> 20660 <b>Firm Mailing Book ID:</b> 259170 <b>Batch ID:</b>	

Transaction History

Event Description	Event Date	Details
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USPS® Certified Mail	01-19-2024 07:24 PM	[USPS] - ORIGIN ACCEPTANCE at ALBUQUERQUE,NM
USPS® Certified Mail	01-19-2024 08:39 PM	[USPS] - PROCESSED THROUGH USPS FACILITY at ALBUQUERQUE,NM
USPS® Certified Mail	01-19-2024 09:31 PM	[USPS] - DEPARTED USPS REGIONAL FACILITY at ALBUQUERQUE,NM
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USPS® Certified Mail	01-24-2024 11:45 AM	[USPS] - CERTIFIED MAIL DELIVERED INDIVIDUAL PICKED UP AT PO at ARTESIA,NM