Before the Oil Conservation Division Examiner Hearing April 8, 2021

Compulsory Pooling
Case No. 21806: Clincher Fed Com 702H and Merit Federal 703H

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

## APPLICATION OF FRANKLIN MOUNTAIN ENERGY, LLC FOR COMPUSLORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 21806

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## COMPULSORY POOLING APPLICATION CHECKLIST (pdf)

| ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS |  |
| :---: | :---: |
| Case: 21806 | APPLICANT'S RESPONSE |
| Date April 8, 2021 |  |
| Applicant | Franklin Mountain Energy, LLC |
| Designated Operator \& OGRID (affiliation if applicable) | Franklin Mountain Energy, LLC (373910) |
| Applicant's Counsel: | Modrall Sperling (Deana Bennett, Lance Hough) |
| Case Title: | Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico |
| Entries of Appearance/Intervenors: | None |
| Well Family | Clincher |
| 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: | WC-025 G-09 S253502D, Upr Wolfcamp, Pool Code 98187 |
| Well Location Setback Rules: | Statewide rules |
| Spacing Unit Size: | 640 acres |
| Spacing Unit |  |
| Type (Horizontal/Vertical) | Horizontal |
| Size (Acres) | 640 acres |
| Building Blocks: | 40 acres |
| Orientation: | North-South |
| Description: TRS/County | W/2 Sections 1 and 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe | Y |
| Other Situations |  |
| Depth Severance: Y/N. If yes, description | $N$ |
| Proximity Tracts: If yes, description | Yes, the proposed completed internal is $231^{\prime}$ (less than $330^{\prime}$ ) from the section line between the W/2 W/2 of Sections 1 and 12, and E/2 W/2 of Sections 1 and 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. See Exhibit C for C-102. |
| Proximity Defining Well: if yes, descriptio EXHIBIT | Clincher Fed Com 702H, see Well \#1 below |
| Applicant's Ownership in Each Tract | Exhibit 4. |
| Released to Imaging: 4/6/2021 4:36:04 PM |  |


| Well(s) | ge |
| :---: | :---: |
| Name \& API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | Exhibits B, 3, 6 |
| Well \#1 | Clincher Fed Com 702H <br> SHL: 250 feet from the North line and 465 feet from the West line, Section 1, Township 25 South, Range 35 East, NMPM. <br> BHL: <br> 150 feet from the South line and 1089 feet from the West line, Section 12, Township 25 South, Range 35 <br> East, NMPM. <br> Completion <br> Target: Third Bone Spring Sand at approximate 11,943 <br> TVD. Well Orientation: <br> North/South Completion location: <br> Expected to be standard. See also Exhibit 3 for C-102 |
| Well \#2 | Merit Federal 703H <br> SHL: 250 feet from the North line and 2374 feet from the West line, Section 1, Township 25 South, Range 35 East, NMPM. <br> BHL: <br> 150 feet from the South line and 2265 feet from the West line, Section 12, Township 25 South, Range 35 East, NMPM. Completion <br> Target: Third Bone Spring Sand at approximate 12,001' TVD. Well Orientation: <br> North/South Completion location: <br> Expected to be standard. See also Exhibit 3 for C-102 |
| Horizontal Well First and Last Take Points | Clincher Fed Com 702H <br> Proposed first take point: $148^{\prime}$ FNL and 164' FWL Proposed last take point: 150' FSL and 163' FWL See also Exhibit 3 for C-102 <br> 'Merit Federal 703H <br> Proposed first take point: $250^{\prime}$ FNL and 2374' FEL <br> Proposed last take point: $150^{\prime}$ FSL and $2265^{\prime}$ FEL See also Exhibit 3 for C-102 |
| Completion Target (Formation, TVD and MD) | See Proposal Letter Exhibit 6. |


| Received by OCD: 4/6/2021 4:13:48 PM- |  | Page 5 of |
| :---: | :---: | :---: |
| AFE Capex and Operating Costs |  |  |
| Drilling Supervision/Month \$ | \$7000: See also Proposal Letter Exhibit C |  |
| Production Supervision/Month \$ | \$700: See also Proposal Letter Exhibit C |  |
| Justification for Supervision Costs | See AFE Exhibit 7 |  |
| Requested Risk Charge | 200\%: See also Proposal Letter Exhibit 6 |  |
| Notice of Hearing |  |  |
| Proposed Notice of Hearing | Exhibit 8 |  |
| Proof of Mailed Notice of Hearing (20 days before hearing) | Exhibit 8 |  |
| Proof of Published Notice of Hearing (10 days before hearing) | Exhibit 8 |  |
| Ownership Determination |  |  |
| Land Ownership Schematic of the Spacing Unit | Exhibit 4 |  |
| Tract List (including lease numbers and owners) | Exhibit 4 |  |
| Pooled Parties (including ownership type) | Exhibit 4 |  |
| Unlocatable Parties to be Pooled | Exhibit 4 |  |
| Ownership Depth Severance (including percentage above \& belo | N/A |  |
| Joinder |  |  |
| Sample Copy of Proposal Letter | Exhibit 6 |  |
| List of Interest Owners (ie Exhibit A of JOA) | Exhibit 4 |  |
| Chronology of Contact with Non-Joined Working Interests | See Exhibit 5 for Summary of Contacts |  |
| Overhead Rates In Proposal Letter | Proposal Letter Exhibit 6 |  |
| Cost Estimate to Drill and Complete | Proposal Letter Exhibit 6; AFE Exhibit 7. |  |
| Cost Estimate to Equip Well | Proposal Letter Exhibit 6; AFE Exhibit 7. |  |
| Cost Estimate for Production Facilities | Proposal Letter Exhibit 6; AFE Exhibit 7. |  |
| Geology |  |  |
| Summary (including special considerations) | Exhibit C |  |
| Spacing Unit Schematic | Exhibit 10, Exhibit 11-A |  |
| Gunbarrel/Lateral Trajectory Schematic Released to Imaging: 4/6/2021 4:36:04 PM | Exhibit 10, Exhibit 11-A |  |


| Received by OCD: $4 / 6 / 2021$ 4:13:48 PM Well Orientation (with rationale) <br> Target Formation Exhibit C, Exhibit 12 <br> HSU Cross Section Exhibit 10, Exhibit 11-A through 11-D <br> Depth Severance Discussion N/A <br> Forms, Figures and Tables  <br> C-102 Exhibit 3 <br> Tracts Exhibit 4 <br> Summary of Interests, Unit Recapitulation (Tracts) Exhibit 4 <br> General Location Map (including basin) Exhibit 9 <br> Well Bore Location Map Exhibit 11-A <br> Structure Contour Map - Subsea Depth Exhibit 11-B <br> Cross Section Location Map (including wells) Exhibit 11-C <br> Cross Section (including Landing Zone)  <br> Additional Information Lance D. Hough <br> CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.  <br>   <br> Printed Name (Attorney or Party Representative): April 6, 2021 <br> Signed Name (Attorney or Party Representative):  <br> Date:  |
| :--- | :--- |

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

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

CASE NO. 21806

## AFFIDAVIT OF SHELLY ALBRECHT

## STATE OF COLORADO

COUNTY OF DENVER
)
) ss.
)

Shelly Albrecht, being duly sworn, deposes and states:

1. I am over the age of $18, \mathrm{I}$ am the Director of Land for Franklin Mountain Energy, LLC ("Franklin"), and I have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division ("Division") and I have been qualified by the Division as an expert petroleum landman.
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. I am familiar with the status of the lands that are subject to the application.
5. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling application.
6. The purpose of the application is to force pool all uncommitted interests into the horizontal spacing unit described below, and in the wells to be drilled in the unit.
7. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells.
8. The spacing unit and wells that Franklin proposes in this case is part of a comprehensive development plan covering the entirety of Sections 1 and 12 , and the E/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. Franklin's development plan includes a total of six units, including both Wolfcamp and Bone Spring units. The Development Overview is attached as Exhibit 1.
9. In this case, Franklin seeks an order from the Division pooling all uncommitted working interests and overriding royalty interests within a Wolfcamp horizontal spacing unit underlying the equivalent of the W/2 of Sections 1 and 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico.
10. This spacing unit will be dedicated to the Clincher Fed Com $\mathbf{7 0 2 H}$ and Merit Federal 703H wells, to be horizontally drilled. The Application is attached hereto as Exhibit 2.
11. Attached as Exhibit 3 are the proposed C-102s for the wells.
12. The C-102s identify the proposed surface hole location, the first take point, and the bottom hole location. The C-102s also identify the pool and pool code.
13. The wells will develop the WC-025 G-09 S253502D, Upr Wolfcamp, Pool Code 98187.
14. This pool is an oil pool with 40 -acre building blocks.
15. This pool is governed by the state-wide horizontal well rules. The producing interval for the wells will be orthodox and will comply with the Division's set back requirements.
16. There are no depth severances within the proposed spacing unit.
17. The completed interval for the Clincher Fed Com 702H well will be within $330^{\text {' }}$ from the adjoining tracts to allow inclusion of proximity tracts within the proposed standard horizontal spacing unit.
18. Exhibit 4 includes a lease tract map outlining the unit being pooled. Exhibit 4 also includes the parties being pooled, the nature, and the percent of their interests. Franklin owns over $95 \%$ of the working interest in this unit.
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 an Authorization for Expenditure.
20. The only working interest owner Franklin seeks to pool in this case is Occidental Permian, Ltd ("OXY").
21. In my opinion, Franklin has made a good faith effort to obtain OXY's voluntary joinder in the proposed wells.
22. Exhibit 5 is a summary of my contacts with OXY.
23. Exhibit 6 is a sample of the well proposal letter that was sent to OXY. The proposal letter identifies the proposed surface hole and bottom hole locations and approximate TVD/MD for the wells.
24. Exhibit 7 contains the Authorization for Expenditure for the proposed wells. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.
25. Franklin requests overhead and administrative rates of $\$ 7000.00$ /month for drilling a well and $\$ 700.00$ month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. 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 nonconsenting 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 provided notice of this hearing.
30. Exhibit 8 is an affidavit of notice prepared by counsel for Franklin that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs News-Sun newspaper, showing that notice of this hearing was published on March 23, 2021.
31. The attachments to this affidavit were prepared by me, or compiled from company business records, or were prepared at my direction.
32. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.
33. In my opinion, the granting of this application is in the interests of conservation and the prevention of waste.


SUBSCRIBED AND SWORN to before me this $6^{\text {th }}$ day of April, 2021 by Shelly Albrecht on behalf of Franklin Mountain Energy, LLC.


My commission expires: $02-27-25$



# STATE OF NEW MEXICO <br> ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION 

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

CASE NO. 21806

## APPLICATION

Franklin Mountain Energy, LLC ("FME"), OGRID No. 373910, 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 and leasehold interests within a Wolfcamp horizontal spacing unit underlying Lots 3 and 4, the S/2NW/4 and the SW/4 of Section 1, and the W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. In support of this application, FME states:

1. FME has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FME seeks to dedicate Lots 3 and 4 , the $\mathrm{S} / 2 \mathrm{NW} / 4$ and the $\mathrm{SW} / 4$ of Section 1 , and the W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico to form a 640 -acre, more or less, spacing unit.
3. FME plans to drill the Clincher Fed Com 702H and Merit Federal 703H wells to a depth sufficient to test the Wolfcamp formation.
4. The completed interval for the Clincher Fed Com 702H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the well.
5. The wells will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.
6. FME 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.
7. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on April 8, 2021, and after notice and hearing as required by law, the Division enter its order:
A. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit within Lots 3 and 4 , the $\mathrm{S} / 2 \mathrm{NW} / 4$ and the SW/4 of Section 1, and the W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico;
B. Designating FME as operator of this unit and the wells to be drilled thereon;
C. Authorizing FME to recover its costs of drilling, completing, and equipping the wells;
D. Approving actual operating charges and costs charged for supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
E. Imposing a $200 \%$ charge for the risk involved in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

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

By:<br>Deana M. Bennett<br>Lance D. Hough<br>Post Office Box 2168<br>500 Fourth Street NW, Suite 1000<br>Albuquerque, New Mexico 87103-2168<br>Telephone: 505.848.1800<br>Attorneys for Applicant

CASE NO. 21806 Application of Franklin Mountain Energy, LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a Wolfcamp horizontal spacing unit underlying Lots 3 and 4, the S/2NW/4 and the SW/4 of Section 1, and the W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Clincher Fed Com 702H and Merit Federal 703 H wells to be horizontally drilled. The completed interval for the Clincher Fed Com 702 H well will be within 330' from the adjoining tracts to allow inclusion of proximity tracts within the proposed standard horizontal spacing unit. The producing area for the Clincher Fed Com 702 H and Merit Federal 703 H wells will be orthodox. Also to be considered will be the cost of drilling, completing, and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Franklin Mountain Energy, LLC as operator of the wells, and a $200 \%$ charge for risk involved in drilling said wells. Said area is located approximately 8 miles Northwest of Jal, New Mexico.

Parricil
1625 N. Frexch Dr., Hobbu, NM 88240 Pbax. (575) 393-6161 Fax: (577) 393-0720 $\frac{811 \text { S. Firtas. Arcaik NM } 88210}{}$ Phooc: (S75) 748-1288 Fas: (575) 748.9720 $\frac{\text { Diatrict } 14}{1000 \text { Rio }}$
1000 Rio Brewos Rosach Axtoc, NM 87410
Pbone: (505) 3346178 Fax: ( 505 ) 334-6170

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 1API Number | $\begin{gathered} { }^{2} \text { Prool Code } \\ 98187 \end{gathered}$ | $\text { WC-025 G. } 09 \mathrm{~S} 253502 \mathrm{D} \text {; UPR WOLFCAMP }$ |  |
| :---: | :---: | :---: | :---: |
| - Property Cote |  |  | $\begin{gathered} \text { Weil Number } \\ 702 \mathrm{H} \end{gathered}$ |
| $\begin{gathered} \text { OGRID No. } \\ \hline 373910 \\ \hline \end{gathered}$ | FRAN |  | $\begin{gathered} \hline \text { Proveloi } \\ 3273.8^{\prime} \end{gathered}$ |

nSurface Location


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


State of New Mexico
Energy, Minerals \& Natural Resources Department OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| ${ }^{1}$ Arl Nimber | $\begin{aligned} & { }^{3} \mathrm{Pmel} \text { Cond } \\ & 98187 \\ & \hline \end{aligned}$ | WC-025 G-09 S253502D;UPR WOLFCAMP |  |
| :---: | :---: | :---: | :---: |
| ${ }^{4}$ Property Code |  | ${ }^{3}$ Property Nowe MERIT FEDERAL | $\begin{gathered} \hline \text { Wodl Namber } \\ 703 \mathrm{H} \\ \hline \end{gathered}$ |
| $\begin{aligned} & \text { TOGRID Ne } \\ & 373910 \end{aligned}$ | FRAN | MOMNTAN RNE ENERGY LLC | 'Erevtion |

-Surface Location

| $\begin{gathered} \hline \text { UL arlot ma } \\ 2 \end{gathered}$ | $\begin{gathered} \hline \text { 8section } \\ 1 \end{gathered}$ | $\begin{gathered} \text { Tunnilp } \\ 25 \mathrm{~S} \end{gathered}$ | $\begin{aligned} & \text { Rave } \\ & 35 \mathrm{E} \end{aligned}$ | Latim | $\begin{gathered} \text { Peet fremet } \\ 250 \end{gathered}$ | Narimbertim Mat NORTH | $\begin{gathered} \text { Pex frame the } \\ 2374 \end{gathered}$ | $\begin{aligned} & \text { Eachen lise } \\ & \text { EAST } \end{aligned}$ | $\begin{aligned} & \text { Conity } \\ & \text { LEA } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |

u Bottom Hole Location If Different From Surface


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.


## Lease Tract Map

Case No. 21806
Lots 3 \& 4, S/2NW/4, SW/4 of Section 1-T25S-R35E and W/2 of Section 12-T25S-R35E, 641.2 Gross Acres
Clincher Fed Com 702H and Merit Federal 703H


Proposed Wolfcamp Unit


## Summary of Interests

Case No. 21806
Lots 3 \& 4, S/2NW/4, SW/4 of Section 1-T25S-R35E and W/2 of Section 12-T25S-R35E, 641.2 Gross Acres Clincher Fed Com 702H and Merit Federal 703H

Committed Working Interests
Franklin Mountain Energy, LLC
95.134124\%

Uncommitted Working Interest
Occidental Permian, Ltd.
4.865876\%

TOTAL:
100.000000\%

## Unit Recapitulation

Case No. 21806
Lots 3 \& 4, S/2NW/4, SW/4 of Section 1-T25S-R35E and W/2 of Section 12-T25S-R35E, 641.2 Gross Acres
Clincher Fed Com 702H and Merit Federal 703H

| Working Interest Owner | Tract 1 (40 ac) | Tract 2 (601.2 ac) |
| :--- | :---: | :---: |
| Franklin Mountain Energy, LLC | $22 \%$ | $100 \%$ |
| Occidental Permian, Ltd. | $78 \%$ | $0 \%$ |
| TOTAL: | $100 \%$ | $100 \%$ |



| Tract | Lease |
| :---: | :---: |
|  | NMNM |
| 1 | 045706 |
|  | NMNM |
| 2 | 138897 |


| Case 21806-Parties to Be Pooled | Interest Type |
| :--- | :---: |
| Occidental Permian, Ltd. | WI |
| United State of America | RI |
| Bryan Bell Family LLC | ORRI |
| DMA, Inc | ORRI |
| Morris E. Schertz | ORRI |
| Nuevo Seis, LP | ORRI |
| Robert N. Enfield Trustee of the Robert N. Enfield <br> Revocable Trust dated 3/6/1999 | ORRI |
| Charmar, LLC | ORRI |
| Jetstream Royalty Partners, LP | ORRI |
| Lisa M. Enfield, Trustee of the Lisa M. Enfield Trust dated <br> 1/23/2015 | ORRI |
| MLE, LLC | ORRI |
| Richard C. Deason | ORRI |
| Thomas D. Deason | ORRI |
| Ronald H. Mayer, Trustee of the Ronald H. Mayer and <br> Martha M. Mayer Revocable Trust dated $3 / 19 / 1992$ | ORRI |
| SAP, LLC | ORRI |
| Howard A. Rubin, Inc. | ORRI |
| Rubie Crosby Bell Family, LLC | ORRI |

## Summary of Attempted Contacts

- Franklin Mountain Energy conducted extensive title work to determine the working interest owners and other interest owners.
- Franklin searched public records, phone directory, and various different types of internet searches.
- Franklin sent well proposal letters to the working interest owners on or around January 22, 2020. Per USPS Certified Mail tracking number 7019228000009403 8335, said proposals were received by Occidental Permian, Ltd. ("Oxy") on January 25, 2021.
- Franklin proposed general terms of a Joint Operating Agreement within the well proposal letters sent to working interest owners and offered to send said form to owners upon request.
- Franklin corresponded with Oxy, after well proposal letters were received, regarding other units but Oxy did not inquire about these development plans.
- Franklin and Oxy completed a trade in October 2020 in which Oxy assigned a portion of its interest in this development to Franklin. Through those dealings, Oxy was aware that Franklin had plans to operate these units.
- Franklin filed an application to force pool parties who had not entered in to an agreement and overriding royalty interest owners.
- Franklin's counsel sent notices of the force pooling application to the addresses of record for the uncommitted interest owners.
- Franklin also published notice in a newspaper of general circulation in the county where the wells will be located.

January 22, 2021

Occidental Permian, Ltd.
5 Greenway Plaza, Ste 110
Houston, TX 77046-0521
RE: Clincher Fed Com 702H and
Merit Federal 703H Well Proposals
Township 25 South, Range 35 East:
Sections 1 and 12: W/2, 641.20 acres m/l
Lea County, New Mexico
Dear Working Interest Owner:
Franklin Mountain Energy, LLC ("FME"), as Operator, hereby proposes the drilling and completion of the following horizontal wells located in the W/2 of Sections 1 and 12:

| Well Name | Target Formation | Total Vertical <br> Depth | Measured Depth | SHL | BHL | AFE |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Clincher <br> Fed Com $702 \mathrm{H}$ | Wolfcamp | 11,943' | 22,003' | Sec. 1- <br> T25S- <br> R35E 250' <br> FNL, 465' <br> FWL | $\begin{gathered} \hline \text { Sec. 12- } \\ \text { T25S- } \\ \text { R35E } \\ 150^{\prime} \text { FSL, } \\ 1,089^{\prime} \\ \text { FWL } \\ \hline \end{gathered}$ | \$9,676,954.30 |
| Merit Federal 703H | Wolfcamp | 12,001 ${ }^{\text {, }}$ | 22,178 | $\begin{gathered} \text { Sec. 1- } \\ \text { T25S- } \\ \text { R35E } 250 \text {, } \\ \text { FNL, } \\ 2,374^{\prime} \text { FEL } \end{gathered}$ | Sec. 12- T25S- R35E 150' FSL, 2,265' FWL | \$9,676,954.30 |

FME 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.

FME 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
- $\quad \$ 7,000 / \$ 700$ Drilling and Producing Rate
- Franklin Mountain Energy, LLC designated as Operator


Should you be interested in participating under an Operating Agreement, FME 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, FME proposes to acquire your interest at the following terms:

```
REDACTED
```

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

Please return your signed paperwork to Shelly Albrecht at salbrechtafinellc.com or to the address provided below at your earliest convenience.

FME 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, FME will file an application for compulsory pooling to pool any uncommitted working interest owners.

Should you have any questions, please contact the undersigned at (720) 414-7855 or by email at the address mentioned above.

Respectfully,
Franklin Mountain Energy, LLC

Albrecht
Director of Land

## Enclosures

## Clincher Fed Com 702H:

$\qquad$ I/We hereby elect to participate in the Clincher Fed Com 702H well. I/We hereby elect NOT to participate in the Clincher Fed Com 702H well.

## Merit Federal 703H:

UVWe hereby elect to participate in the Mert Federal 703H well.
I/We hereby elect NOT to participate in the Melit Federal 703H well.
$\qquad$ I/We hereby elect to sell our interest.

Working Interest Owner: $\qquad$

By: $\qquad$
Printed Name: $\qquad$
Title: $\qquad$
Date:





ALL PARTICTPANTS MUST CARRY THEIR OWN CONTROL. OF WELI. INSURANCE AND ATTACH A CERTTFICATE OF INSURANCE TO THIS ELECTION OR INSURE RITH FME

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

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

CASE NO. 21806-21808

## STATE OF NEW MEXICO ) <br> COUNTY OF BERNALILLO )

AFFIDAVIT

Deana M. Bennett, attorney in fact and authorized representative of Franklin Mountain Energy, LLC, the Applicant herein, being first duly sworn, upon oath, states that the abovereferenced Application was provided under a notice letter, attached, and that proof of receipt is attached hereto. I also state that notice of the April 8, 2021 hearing was published in the Hobbs News-Sun on March 23, 2021, as reflected in the attached Affidavit of Publication.


Deana M. Bennett

SUBSCRIBED AND SWORN to before me this $6^{\text {th }}$ day of April, 2021 by Deana M. Bennett.


Notary Public
My commission expires: $02-27-25$


# Modrall Sperling 

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

# Re: APPLICATION OF FRANKLIN MOUNTAIN ENERGY, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO. 

CASE NO. 21806

## Re: APPLICATION OF FRANKLIN MOUNTAIN ENERGY, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 21808

## TO: AFFECTED PARTIES

This letter is to advise you that Franklin Mountain Energy, LLC ("FME") has filed the above-listed application.

In Case No. 21806, FME seeks an order from the Division pooling all uncommitted interests within a Wolfcamp horizontal spacing unit underlying Lots 3 and 4, the S/2NW/4 and the SW/4 of Section 1, and the W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Clincher Fed Com 702 H and Merit Federal 703 H wells to be horizontally drilled. The completed interval for the Clincher Fed Com 702 H well will be within $330^{\prime}$ from the adjoining tracts to allow inclusion of proximity tracts within the proposed standard horizontal spacing unit. The producing area for the Clincher Fed Com 702H and Merit Federal 703 H wells will be orthodox. Also to be considered will be the cost of drilling, completing, and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Franklin Mountain Energy, LLC as operator of the wells, and a $200 \%$ charge for risk involved in drilling said wells.

In Case No. 21808, FME seeks an order from the Division pooling all uncommitted interests within a Bone Spring horizontal spacing unit underlying Lot 4, the SW/4NW/4 and the W/2SW/4 of Section 1, and the W/2W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New

Modrall Sperling
Roehl Harris \& Sisk P.A.

## 500 Fourth Street NW

Suite 1000
Albuquerque,
New Mexico 87102
PO Box 2168
Albuquerque
New Mexico 87103-2168
Tel: 505.848.1800
www.modrall.com

Page 2

Mexico. This spacing unit will be dedicated to the Clincher Fed Com $\mathbf{6 0 1 H}$ well to be horizontally drilled. The producing area for the Clincher Fed Com 601 H well will be orthodox. Also to be considered will be the cost of drilling, completing, and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Franklin Mountain Energy, LLC as operator of the well, and a $200 \%$ charge for risk involved in drilling said well.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emnrd.state.nm.us/OCD/hearings.html.

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 the 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 the 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.


Deana M. Bennett Attorney for Applicant

# STATE OF NEW MEXICO <br> ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION 

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

CASE NO. 21806

## APPLICATION

Franklin Mountain Energy, LLC ("FME"), OGRID No. 373910, 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 and leasehold interests within a Wolfcamp horizontal spacing unit underlying Lots 3 and 4, the S/2NW/4 and the SW/4 of Section 1, and the W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. In support of this application, FME states:

1. FME has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FME seeks to dedicate Lots 3 and 4, the $\mathrm{S} / 2 \mathrm{NW} / 4$ and the $\mathrm{SW} / 4$ of Section 1, and the W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico to form a 640 -acre, more or less, spacing unit.
3. FME plans to drill the Clincher Fed Com 702H and Merit Federal 703H wells to a depth sufficient to test the Wolfcamp formation.
4. The completed interval for the Clincher Fed Com 702H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the well.
5. The wells will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.
6. FME 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.
7. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on April 8, 2021, and after notice and hearing as required by law, the Division enter its order:
A. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit within Lots 3 and 4, the S/2NW/4 and the SW/4 of Section 1, and the W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico;
B. Designating FME as operator of this unit and the wells to be drilled thereon;
C. Authorizing FME to recover its costs of drilling, completing, and equipping the wells;
D. Approving actual operating charges and costs charged for supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
E. Imposing a $200 \%$ charge for the risk involved in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

MODRALL, SPERLING, ROEHL, HARRIS
\& SISK, P.A.
By: Wekna M Bennexf
Deana M. Bennett
Lance D. Hough
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico $87103-2168$
Telephone: 505.848 .1800
Attorneys for Applicant

CASE NO. 21800 Application of Franklin Mountain Energy, LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a Wolfcamp horizontal spacing unit underlying Lots 3 and 4, the S/2NW/4 and the SW/4 of Section 1, and the W/2 of Section 12, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Clincher Fed Com 702H and Merit Federal 703 H wells to be horizontally drilled. The completed interval for the Clincher Fed Com 702H well will be within $330^{\prime}$ from the adjoining tracts to allow inclusion of proximity tracts within the proposed standard horizontal spacing unit. The producing area for the Clincher Fed Com 702H and Merit Federal 703H wells will be orthodox. Also to be considered will be the cost of drilling, completing, and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Franklin Mountain Energy, LLC as operator of the wells, and a $200 \%$ charge for risk involved in drilling said wells. Said area is located approximately 8 miles Northwest of Jal, New Mexico.

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| 2 | 9314869904300080530187 | United State of America | \$1.20 | \$3.60 | \$1.75 | \$0.00 |

Contents
FME21806,21808..
Notice
$2 \quad 9314869904300080530187$
United State of America
301 Dinosaur Trail
Santa Fe NM 87508
$3 \quad 9314869904300080530194$
State of New Mexico
310 Old Santa Fe Trail
Santa Fe NM 87501
49314869904300080530200 Bryan Bell Family LLC
213 20th Street
New Orleans LA 70124
$5 \quad 9314869904300080530217 \quad$ Bryan Bell Family LLC
1331 Third Street
New Orleans LA 70130
69314869904300080530224 DMA, Inc
P.O. Box 1496

Roswell NM 88202
79314869904300080530231 Morris E. Schertz
P.O. Drawer 2588

Roswell NM 88202
89314869904300080530248 Nuevo Seis, LP
P.O. Box 2588

Roswell NM 88202
99314869904300080530255 Robert N. Enfield Trustee/Enfield Rev Trust 3/6/99
P.O. Box 2431

Santa Fe NM 87504
109314869904300080530262 Charmar, LLC
4815 Vista Del Oso Court
Albuquerque NM 87109
119314869904300080530279 Jetstream Royalty Partners, LP
P.O. Box 471396

Fort Worth TX 76147
129314869904300080530286 Lisa M. Enfield, Trustee/Enfield Trust of $1 / 23 / 15$
465 Camino Manzano
Santa Fe NM 87505
139314869904300080530293 MLE, LLC
P.O. Box 1683

Santa Fe NM 87504
149314869904300080530309
Richard C. Deason
P.O. Box 1301 N. Havenhurst \#217

West Hollywood CA 90046
15
9314869904300080530316
Thomas D. Deason
6402 CR 7420
Lubbock TX 79424


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| 9314869904300080530170 | 2021-03-18 10:44 AM | FME21806,21808.. | Occidental Permian, Ltd. | Houston | TX | 77024 | Delivered |

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## Affidavit of Publicatio

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

Beginning with the issue dated March 23, 2021
and ending with the issue dated
March 23, 2021


Sworn and subscribed to before me this 23rd day of March 2021
 Business Manager

Mywnmaissionre
January 29, 2023


OFFICIAL GEAL
CUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires -29-2
is tewspaper is duly qualified to publish egal notices or advertisements within the meaning of Section 3, Chapter 167, Laws o 1937 and payment of fees for said



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## LEGAL NOTICE March 23,2021


#### Abstract

CASE NO. 21803: Notice to all affected parties, as well as the heirs and devisees of Starboard Permian"मesoucces, LLC.; Max Permian, LLLC, Ameredev New Mexico, LLC; Energen Resources orporation; Dlamondback Energy, Inc.; Burington Resources Oil and Gars Company onocophilips Company; Heirs and Devisees of John Everett Kennan, Deceased, C/0 of Willim  Annabent Mary Elto (Mareilie) Lutlefleld tikla Mary Elinor Erickson f/kJa Mary Elinor, Erhillip Julian Crickson,     Devisees of Harry E.Smith; CCO Kevin Smith, Heirs and Dovisees of Harry E. Smith, C/O Melissa C/O Judy McCuistion; Heirs and Devisees of Harry E. Smith, ClO Michael Walker; Heirs and Devisees  Wooten; Heirs and Devisees of Eva W. Graham; Heirs and Devisees of Mary C. Smith; Mary Frances Orr Gibbs; Katte Smith Hazelhurst; Jane L. Rule, Trustee under the Jane L. Rule Family Trust dated  Devisees, and Assigns of Mary Smith Bowers, ClO Edward A. Bowers; Heirs, Devisees, and Assigns of Mary Smith Bowers, C/O Elien Biandiord; Brenda Bowers, Deviss and Devisees of Eugene D. Smith, c/o Rebecca Sitt; Heirs and Devisees o Eingen $C / O$ Quinton Smith; Heirs and Devisees of Eugene $D$. Smith, ClO Chariotte Lynch; Heirs and Devisees  Lymch, Joint Tenants; Helrs and Devisees of Kathlieen A. Smith; Richard A. Whittington; Dudley M.  Terry; Stanley Rogers; Billie Dixon; Roberta Hunt wilson; Mariette Perkins; Donna Moore Bystone Barbara Moore Garcia; Charles Kenneth Moore; Helen Campser; Chrisopher Daniel Kennann Mitchell Zinck; James Gregory; Clifford D. Gregory; Cheryl Landon; William Benton McDowell; Bessie Marie McDowell; Sharon Bentita Phillips Megan Shaughesy, Executor of the Estate of Elinor C. Shaughnessy; Archie D. Smith, J., Trustee of the Archie D. and Clarabelle B. Smith Trust; Wiliam F. Sm Am eira, Trustee of the W William Ea and EdLa D; Kareps Memorial Trust; Cherokee Legacy Minerals, Ldd.; Bon Vivant, LLC; A\&P Famiy LP; Wilmoth Virginia Howard a/k/ Willa Virginla Howard; Frank Gideon Landram, Jr.; Sandia Minerals, LLC; Barbera Juanita Crane; 1 Ilye Smith;  Mestated on December 22, 2008; Michaee Harrison Moores Arthur Leroy Burch; Arvest Bank, Trustee rest of the O.W. Skirvin Testamentary Trust, by, through and under, Farmers National Company, Agent, Carol Bearly Cleveland individually and as Successor Trustee of the James H . Bearly Revocabie, Candiewood Resources, LLC: ; Patch Energy LLC, Linda Louise Burgess; Alanson Gregory Burgess; Charles Eggleston; Joann Eggleston Rutheford; John. A. Ditime \& Velma M. Dititmer Revocable Trust; Charmanie S. Dittmer Reeve; Terry 1 lizabeth Dittmer Eshelman; Timothy W. Dittmer; United States of America; Encanto Minerals, LLC; Tierra Royalties, LLC; Prevail Energy, LLC; Rheiner Holdings, LLC; Monticelio Minerals, LLC of Franklin Mountain Energy, LLC's application for     the well, and a $200 \%$ charge for Northwest of Jal, New Mexico.


CASE NO. 21804: Notice to all affected parties, as weil as the heirs and devisees of Starboard
 Kennann, Trustee of the' Kennann Family Trust; Boobby Aaron Skates; Anna Beth Carder Mcinyre,
Anna Beth Carder Mcintyre, Trustee of the Ida Bell Hunt Trust; John Warren Erickson, Phillip Julian

 Marcia Melinda Woods Jones, Manager of the Marcia Melinda Wods Jones,
Agent for Alicia Rilts Orrick; BOKF, NA, as Agent for James B. Ritts; BOKF,

 Smith, c/O Kathleen A. Smith; Helrs and Devisees of Harry E. Smith, CoIO Jeff Smith; Heirs and
Devisees of Harry E. Smith; C/O Kevin Smith; Heirs and Devisees of Harry E. Smith, COM Meliss

 His Helrs and Devisees of Lillian Smith Ward, Cl/ John Richard Ward; Heirsc and Devisees of Jack
Wooten: Heirs and Devisees of Eva W. Graham; Heirs and Devisees of Mary C. Smith; Mary France Orr Gilbbs; Katite Sidith Hazellhurst; Jane L. Rule, Trustee under the Jane L. Rule Family Trust dated
6/24/1992, restated $7 / 26 / 1996$; Heirs, Devisees, and Assigns of Mildred Smith. Rawis C/O Shamrock Royalty, LP; Heirs, Devisees, and Assigns of Mary Smith Bowers, C/O James L. Bowers; Heirs Devisees, and Assigns of Mary Smith Bowers, C/O Edwara A. Aovers; Herrs, Devisees, and Assigns
of Mary Smith Bowers, C/O Ellen Blandford; Heirs, Devisees, and Assigns of Mary Smith Bowers, $\mathrm{Cl} / \mathrm{l}$

 C/O Quinton Smith; Helrs and Deviseess of Eugione D. Smith, clo Charlotee Lynch; Helrs and Devisees
 Lynch, Joint Tenants; Helrs and Devisees of Kathleen A. Smith; Richard A. Whittington; Dudiey M,
Smith; Elsie Heard McAdoo; Barbara Ellen Gerloff; Susan Dian Burque; James Wesley Burch $1 ;$;
 Terry,
Barbara Mooreregersia; Charles Kenneth Moore; Helen Campsev; Christopher Daniel Kennann;
Mirtchel Bessie Marie McDowell; Sharon Bernita Philips; Megan Shaughnessy, Executor of the Estate of Eillor C. Shaughnessy; Arth Wilson; Rheiner Holdings, LLC; Cayuga Royalties, LLLC; Prevall Energy, LLC; Bank of America, Trustee of the William E. and Edac D. Keps Memorial Trust; Cherokee Legacy
Minerais, Ltd.; Bon Vivant, LLC; A\&P Fammiy LP; Wilmoth Virginia Howard a/k/a Wilma Virginia Aoward;; rrank Gideon Landram, Janle ${ }^{\text {Annie Lee Orr; } ; \text { Prisclila Johnson }}$ Debra Y. Counts fka Debra Y. Thompson; Betty Amonte; Anie Lee Ort;
Meridian 102 LP; Ryan Moore, Trustee oft the Ryan Moore SSMTT GST Exempt Trust as revised and
restated restated on December 22, 2008; M1/chael Harrison Moore, Arthur Leroy Burch; Arvest Bank, Trustee
of the o.W. Kkirvin Testamentary Trust, by, through and under, Farmess National Company, Agent; Carol Bearly Cleveland individually and as Successor Trustee of the James H. Bearly Revocable
Trust dated March 3, 1996; Monticello Minerals, LLC; Mary Ann Prali; Mid-Brook Royalty LLC;
 Tiust; Charmanie S. Dittmer Reeve; Terry Ellzabeth Dittmer Eshelman; Timothy W. Dittmer; United States of America; Encanto Minerals, LLC of Franklin Mountain Energy, LLC's application for
Holdings, LLC



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# STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT <br> OIL CONSERVATION DIVISION 

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

CASE NO. 21806

## AFFIDAVIT

## STATE OF COLORADO

COUNTY OF DENVER
)
) SS.
)

Ben Kessel, being duly sworn, deposes and states:

1. I am over the age of 18, I am a geologist for Franklin Mountain Energy, 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 9 is a locator map showing the approximate location of the proposed unit in relation to the Capitan Reef. Franklin's proposed units are slightly within the boundary of the Capitan Reef. Franklin's well bore design, including the well bore casing design, is sufficient to protect against any potential leakage or migration into the Capitan Reef.
5. Exhibit 10 is a wellbore schematic showing Franklin's development plan, which includes the well at issue in this case and the wells proposed in Case Numbers 21803 through 21805 and 21807 and 21808. I reviewed the reservoir characteristics when developing the spacing
for the Clincher Fed Com 702H, Merit Federal 703H, and Clincher 701H wells. Based on my review of the reservoir characteristics, Franklin determined to locate the three wells within the W/2 of Sections 1 and 11. Franklin's spacing is designed to efficiently drain the hydrocarbons, while at the same time ensuring that the wells dedicated to the spacing units contribute more or less equally to the units
6. The exhibits behind Tab 11 are the geology study I prepared for the Clincher Fed Com 702H and Merit Federal 703H wells.
7. Exhibit 11-A is structure map of the top of the Wolfcamp. The proposed spacing unit is identified by a green box. The Clincher Fed Com 702H well is the black dashed line identified by the box labeled " 1 ". The Merit Federal 703H well is the black dashed line identified by the box labeled " 2 ". The contour interval used this exhibit is 25 feet. This exhibit shows that the structure dips gently to the southwest.
8. Exhibit 11-B is a cross section reference map that identifies four wells in the vicinity of the proposed well, shown by a line of cross-section running from $A$ to $A^{\prime}$.
9. Exhibit 11-C is a stratigraphic cross section of the Upper Wolfcamp. The well logs on the cross-section give a representative sample of the Upper Wolfcamp formation in the area. The target zone is identified by a bracket and the words "Producing Interval". I have also identified where Clincher Fed Com 702H and Merit Federal 703 H wells fall within the wells I used for the cross-section.
10. In my opinion, the gross interval thickness is fairly consistent across the unit.
11. Exhibit 11-D is a Gross Interval Isochore of the Upper Wolfcamp. The gross interval thickness is fairly consistent across the unit and thickens slightly from east to west regionally.
12. I conclude from the maps that:
a. The horizontal spacing unit is justified from a geologic standpoint.
b. There are no structural impediments or faulting that will interfere with horizontal development.
c. Each quarter quarter section in the proposed unit will contribute more or less equally to production.
13. Exhibit 12 provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.
14. The preferred well orientation in this area is either north/south or south/north. This is because the SHmax is at approximately 265 degrees ENE in this area of Lea County.
15. Exhibits $9-12$ were prepared by me or under my supervision or compiled from company business records.
16. In my opinion, the granting of Franklin's application is in the interests of conservation and the prevention of waste.

## [Signature page follows]



SUBSCRIBED AND SWORN to before me this 6th_day of April, 2021 by Ben Kessel, on behalf of Franklin Mountain Energy, LLC.


Notary Public
My commission expires: 02-27.25


## Greenlight Development

Locator Map


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


## Wellbore Schematic



## Top Wolfcamp Structure Map (SSTVD)

Clincher Fed Com 702H \& Merit Federal 703H


Franklin Mountain Acreage
$\square$ Wolfcamp Spacing Unit

Proposed Horizontal Location
1 Clincher Fed Com 702H
2 Merit Federal 703H

## Upper Wolfcamp Cross Section Reference Map

Clincher Fed Com 702H \& Merit Federal 703H



Franklin Mountain Acreage
$\square$ Wolfcamp Spacing Unit

Proposed Horizontal LocationClincher Fed Com 702HMerit Federal 703H

All wells shown

## Upper Wolfcamp Cross Section



## Upper Wolfcamp Isochore

Clincher Fed Com 702H \& Merit Federal 703H

C.I. $=25^{\prime}$

Proposed Horizontal Location
1 Clincher Fed Com 702HMerit Federal 703H


- Red box shows the approximate location of the Greenlight development
- Reported local $\mathrm{S}_{\text {Hmax }}$ (Snee and Zoback, 2018) direction is ENE, around $265^{\circ}$
- The Clincher Fed Com 702H \& Merit Federal 703H wells are planned N-S, nearly orthogonal to $S_{\text {hmax }}$, 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/MobilePagedArtic e.action?articleld=1331603\#articleld1331603

