



Before the Oil Conservation Division
Examiner Hearing September 9, 2021

Case No. 22118: APPLICATION OF FRANKLIN MOUNTAIN
ENERGY, LLC TO AMEND ORDER NO. R-20942,
LEA COUNTY, NEW MEXICO

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY, LLC TO AMEND ORDER NO. R-20942,
LEA COUNTY, NEW MEXICO**

**CASE NO. 22118
ORDER NO. R-20942
(Re-Open)**

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

APPLICATION OF FRANKLIN MOUNTAIN
ENERGY, LLC TO AMEND ORDER NO. R-20942,
LEA COUNTY, NEW MEXICO

CASE NO. 22118
ORDER NO. R-20942
(Re-Open)

SELF-AFFIRMED DECLARATION

Shelly Albrecht hereby states and declares as follows:

1. I am over the age of 18, 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, which is attached as **Exhibit 1**.
4. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced applications.
5. The purpose of the application is to re-open Order No. R-20942, attached as **Exhibit 2**, to amend it to allow for a one-year extension of time to commence drilling the initial well under the Order.
6. Order No. R-20942 is one of several orders (the “Colorado Orders”) relating to Franklin’s “Colorado” well group and Franklin’s “Colorado” units.



7. Order No. R-20942 pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Sections 9 and 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

8. Order No. R-20942 designated Franklin as the operator of the well(s) and the unit.

9. Franklin requests that Order R-20942 be re-opened to allow for a one-year extension of time to commence drilling the initial well under the Order.

10. This is Franklin's second request for an extension of time. On August 18, 2020, Franklin submitted a written request to OCD an extension of time to spud the initial well under Order R-20942. Franklin submitted this written request under the then-existing form of order which allowed requests for extensions of time to be submitted by letter to OCD, rather than by an application for hearing.

11. OCD granted Franklin's request for an extension of time, through October 31, 2021.

See Exhibit 3.

12. Good cause exists for Franklin's request for a second extension of time.

13. Since the issuance of the Colorado Orders, Franklin has determined to batch drill the wells that are the subject of the Colorado Orders to facilitate efficient drilling of the wells and to add additional wells.

14. Franklin is requesting extensions of time with respect to all of the Colorado Orders to enable Franklin to batch drill the wells, which will be more efficient.

15. As Franklin indicated in its August 18, 2020 letter, there had been changes in Franklin's drilling schedule due to COVID-19 and the then-existing market conditions.

16. Franklin's operations and drilling activity have continued to be impacted by COVID-19 and oil and gas market conditions.

17. It is Franklin's intent to develop the acreage in this unit, as well as the other Colorado units, and to drill the wells thereon. Given the delays occasioned by COVID-19, and Franklin's decision to batch drill the wells, Franklin requires additional time to commence drilling.

18. Franklin asks that the deadline to commence drilling the initial well be extended for a year from October 31, 2021 to October 31, 2022.

19. OCD has granted a similar second extension request to Spur Energy Partners, LLC in Case Nos. 21938 and 21939, Order Nos.R-20642-C and R-20643-C, under these same circumstances, *i.e.*, due to market conditions and the global pandemic's effects which impacted Franklin's development plans. *See also* relevant excerpts of June 17, 2021 Transcript of Proceedings in Case Nos. 21938 and 21939 attached as **Exhibit 4**.

20. Franklin, through its counsel, notified all pooled working interest owners of Franklin's request to re-open Order No. R-20942. No opposition is expected because no pooled working interest owners have indicated any opposition. Proof of notification is attached as **Exhibit 5** to this Declaration.

21. In preparation for this hearing, I reviewed the well files for the three wells identified in Order R-20942, which are the Georgetown Fed Com 701H; Ouray Fed Com 702H; and the Ouray Fed Com 703H wells. In my review, I noted that the approved APD for these wells changed the pool and pool code from a Wolfcamp pool and pool code to a Wolfbone pool and pool code, Pool Code 98098. I have attached as Exhibit 6 a revised Attachment A to conform Attachment A of Order R-20945 to the approved APDs. Alternatively, if OCD prefers, Franklin will submit an administrative application with a request to have the pool and pool code changed on Attachment A, along with a revised Attachment A.

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

23. 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.

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

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: September 3, 2021



Shelly Albrecht

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

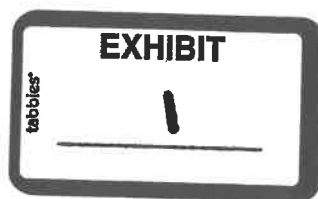
**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY, LLC TO AMEND ORDER NO. R-20942,
LEA COUNTY, NEW MEXICO**

**CASE NO. 22118
ORDER NO. R-20942
(Re-Open)**

APPLICATION

Franklin Mountain Energy, LLC (“FME”), OGRID Number 373910, through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) for the limited purpose of amending Order No. R-20942 to allow for an extension of time for drilling the initial well under the Order. In support of this application, FME states as follows:

1. FME has an interest in the subject lands and has a right to drill and operate a well thereon.
2. The Division entered Order No. R-20942 in Case No. 20773 on October 31, 2019.
3. Order No. R-20942 is one of several orders (the “Colorado Orders”) relating to FME’s “Colorado” well group and FME’s “Colorado” units.
4. Order No. R-20942 pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Sections 9 and 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.
5. Order No. R-20942 designated FME as the operator of the wells and the unit.
6. On August 18, 2020, FME submitted a written request to OCD an extension of time to spud the initial well under Order R-20942. FME submitted this written request under the



then existing form of order which allowed requests for extensions of time to be submitted by letter to OCD, rather than by an application for hearing.

7. QCD granted FME's request for an extension of time, through October 31, 2021.

8. Since the issuance of the Colorado Orders, FME has determined to batch drill the wells that are the subject of the Colorado Orders to facilitate efficient drilling of the wells.

9. FME requests that Order No. R-20942 be re-opened again and amended to allow FME additional time to commence drilling the initial well under the Order.

10. Good cause exists for FME's request for an extension of time.

11. As FME indicated in its August 18, 2020 letter, there had been changes in FME's drilling schedule due to COVID-19 and the then-existing market conditions.

12. FME's operations and drilling activity have continued to be impacted by COVID-19 and oil and gas market conditions.

13. In addition, FME has determined to batch drill the wells subject to this Order, along with the wells subject to the other Colorado Orders.

14. In addition to filing this request for an extension of time, FME is requesting extensions of time with respect to all of the Colorado Orders to enable FME to batch drill the wells, which will be more efficient.

15. It is FME's intent to develop the acreage in this unit, as well as the other Colorado units, and to drill the wells thereon. Given the delays occasioned by COVID-19, and Franklin's decision to batch drill the wells, FME requires additional time to commence drilling.

16. FME asks that the deadline to commence drilling the initial well be extended for a year from October 31, 2021 to October 31, 2022.

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 9, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-20942 to extend the time for FME to commence drilling the initial well under the Order for a year, through October 31, 2022.

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

By: Deana M. Bennett

Deana M. Bennett
Jamie L. Allen
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. _____ : (Re-Open) Application of Franklin Mountain Energy, LLC to Amend Order No. R-20942, Lea County, New Mexico. Applicant seeks an order from the Division amending Order No. R-20942 to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-20942 pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Sections 9 and 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. Said area is located approximately 13 miles Northwest of Jal, New Mexico.

W4124844.DOCX

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

**IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION TO
CONSIDER:**

**CASE NO. 20773
ORDER NO. R-20942**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 17, 2019, at Santa Fe, New Mexico, before Examiner Leonard R. Lowe.

NOW, on this 31st day of October 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

- (1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.
- (2) Applicant seeks to compulsory pool all uncommitted oil and gas interests within a spacing unit, as that unit is described in the attached Exhibit "A".
- (3) Applicant seeks to dedicate the Proposed Well(s) detailed in Exhibit "A" to the Unit.
- (4) BTA Oil Producers, LLC and XTO Energy, Inc. entered an appearance. No other operator appeared or otherwise opposed the case.
- (5) Applicant appeared at the hearing through counsel and presented evidence to the effect that:
 - (a) All completed well locations are expected to be standard or Applicant will apply administratively for approval of location exceptions.



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- (b) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instrument.
- (c) Notice to certain affected parties was posted in a newspaper of general circulation in the county as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

(6) If the location of any of the Well(s) is unorthodox when the well is completed under the spacing rules then in effect and applicable to the well, the operator must obtain a non-standard location approval prior to producing the well.

(7) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(8) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s). Applicant should be allowed a one year period to complete at least one of the Well(s) after commencing drilling of the Well(s).

(9) There are interest owners in the Unit that have not agreed to pool their interests.

(10) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the pooled depth interval within the Unit.

(11) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(12) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(13) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional reasonable charge [see Exhibit "A"] for the risk involved in drilling the Well(s).

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IT IS THEREFORE ORDERED THAT

(1) All uncommitted interests, whatever they may be, in the oil and gas within the spacing unit (or the portion thereof within the pooled vertical extent) described in Exhibit "A" are hereby pooled. Exhibit "A" hereto is incorporated herein by this reference and made a part of this order for all purposes.

(2) The Unit shall be dedicated to the proposed "Well(s)".

(3) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(4) The operator of the Unit shall commence drilling the Well(s) on or before the end of the month corresponding to the date of this order, in the year following the date of issuance of this order and shall thereafter continue drilling the Well(s) with due diligence to test the pooled formation or pooled vertical depths. The Well(s) shall be drilled approximately to the proposed true vertical and measured depths.

(5) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(6) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(8) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(9) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(10) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the

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Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(11) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 30 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(12) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(13) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(14) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

- (a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, the percent (shown in Exhibit "A") of the above costs.

(15) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs"

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reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(16) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(17) Reasonable charges for supervision (combined fixed rates) are hereby fixed at the rates shown in Exhibit "A" per month, per well, while drilling and while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(18) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(19) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(20) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(21) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(22) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
Director

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Exhibit "A"

Applicant: Franklin Mountain Energy, LLC
 Operator: Franklin Mountain Energy, LLC (OGRID No. 373910)

Spacing Unit: Horizontal Oil
 Building Blocks: quarter-quarter section equivalents
 Spacing Unit Size: 320 acres (more or less)
 Orientation of Unit: North/South

Spacing Unit Description:

W/2 of Sections 9 and 4,
 Township 24 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
 Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S253502D - Upper Wolfcamp Pool (98187)
 Pool Spacing Unit Size: quarter-quarter sections
 Governing Well Setbacks: Horizontal Oil Well Rules
 Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: Yes
 Proximity Defining Well: Ouray Fed Com 702H is to be drilled closer than 330 feet from the Proximity Tracts and therefore defines the Horizontal Spacing Unit.

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
 As the charge for risk, 200 percent of reasonable well costs.

There are 3 Proposed Well(s):

Ouray Federal Com 702H, API No. Pending

SHL: 325 feet from the South line and 1255 feet from the West line,
 (Unit M) of Section 9, Township 24 South, Range 35 East, NMPM.
 BHL: 150 feet from the North line and 1350 feet from the West line,
 (Lot 3) of Section 4, Township 24 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp at approx 11910 feet TVD.
 Well Orientation: South to North
 Completion Location expected to be: standard

Ouray Federal Com 703H, API No. Pending

SHL: 325 feet from the South line and 1325 feet from the West line,
 (Unit N) of Section 9, Township 24 South, Range 35 East, NMPM.
 BHL: 150 feet from the North line and 2276 feet from the West line,

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(Lot 3) of Section 4, Township 24 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp at approximately 12025 feet TVD
Well Orientation: South to North
Completion Location expected to be: standard

Georgetown Federal Com 701H, API No. Pending

SHL: 325 feet from the South line and 1220 feet from the West line,
(Unit M) of Section 9, Township 24 South, Range 35 East, NMPM.
BHL: 150 feet from the North line and 350 feet from the West line,
(Lot 4) of Section 4, Township 24 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp at approximately 12025 feet TVD
Well Orientation: South to North
Completion Location expected to be: standard

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



August 27, 2020

Franklin Mountain Energy, LLC
c/o Deana Bennett, Agent
Deana.bennett@modrall.com
P.O. Box 2168
Albuquerque, New Mexico 87102

RE: Request for Time Extension to Commence drilling
Case No. 20773, R-20942 approved date October 31, 2019
Deadline to commence drilling October 31, 2020
Applicant/Operator: Franklin Mountain Energy, LLC
Proposed Wells:
Ouray Federal Com Well No. 702H, API No. 30-025-47173
Ouray Federal Com Well No. 703H, API No. 30-025-47267
Georgetown Federal Com Well No. 701H, API No. 30-025-47265

Dear Sir or Madam:

The following pertains to your request received by the Division on August 18th, 2020 and to the requirements in the captioned hearing order.

You have requested an extension of the deadline to commence drilling given by the Division in the captioned order.

As stated, you are requesting an extension to spud this well due to "Franklin's operations and drilling activity has been impacted by COVID-19 and oil and gas market conditions" There was no opposition in the captioned case. You are requesting an additional year in which to spud this well. The spud date is now extended to, **October 31, 2021.**

The requested additional year in which to commence drilling is hereby granted.

All other provisions of this order remain in full force and effect.

Sincerely,

ADRIENNE SANDOVAL
Director
AS/jag

CC: Oil Conservation Division – Hobbs District Office



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

IN THE MATTER OF THE HEARING CALLED
 BY THE OIL CONSERVATION DIVISION FOR
 THE PURPOSE OF CONSIDERING:

Application of Spur Energy Partners, LLC,
 to Amend Order R-20642, R-20642-B and
 R-20642-C, Eddy County, New Mexico Case No. 21938

Application of Spur Energy Partners, LLC,
 to Amend Order R-20643, R-20643-A and
 R-20642-C, Eddy County, New Mexico Case No. 21939

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

MOTION TO AMEND

THURSDAY, JUNE 17, 2021

This matter came on for hearing before the
 New Mexico Oil Conservation Division, Legal
 Examiner William Brancard, Technical Examiner
 Leonard Lowe, on Thursday, June 17, 2021, via
 the Webex virtual Conferencing platform.

Reported by: Mary Therese Macfarlane
 New Mexico CCR No. 122
 PAUL BACA COURT REPORTERS
 500 Fourth Street NW, Suite 105
 Albuquerque, New Mexico 87102.
 (505) 843-9241

PAUL BACA PROFESSIONAL COURT REPORTERS
 500 FOURTH STREET NW - SUITE 105, ALBUQUERQUE, N



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A P P E A R A N C E S

For Spur Energy Partners:

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C O N T E N T S

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1 MS. LUCK: That's correct.

2 EXAMINER LOWE: For both wells?

3 MS. LUCK: It's three wells total but there is
4 two Pooling Orders, so one for the shallower depth and
5 then one for the deeper, and both of them we'd like to
6 extend to June 30th, 2022.

7 EXAMINER LOWE: Is this request the first
8 extension request for these wells or these cases?

9 MS. LUCK: No, this is the second extension
10 request. Spur had previously had these on the drill
11 scheduled earlier in 2020, but again due do Covid the
12 drilling project had been pushed out, so that's why Spur
13 is requiring a second extension of these Orders.

14 EXAMINER LOWE: I'm looking -- okay. That's all
15 I have. Thank you.

16 MS. LUCK: Thank you.

17 EXAMINER BRANCARD: Thank you. And I think the
18 first requests were approved by Administrative Letters, is
19 that correct, not by Orders.

20 MS. LUCK: That's right.

21 And in one of the filed cases there was an
22 Order entered extending, and then the other one there was
23 a Letter. So we just went ahead and filed for the hearing
24 on these so that they would all be straightforward as to
25 what we were requesting.

1 EXAMINER BRANCARD: Right. That's standard now.

2 And I mean this is the second extension, so
3 I have to ask these questions: So your causes for the
4 second extension are?

5 MS. LUCK: Again, was Spur was not able to begin
6 the drilling project in 2020 due to Covid, and so their
7 drilling time frame has been pushed out into the latter
8 part of 2021 or early 2022, and that's why Spur has asked
9 for these extensions on these wells. But Spur does intend
10 to drill these Nirvana wells.

11 EXAMINER BRANCARD: Thank you.

12 There being no objection, your exhibits are
13 admitted into the record and we will take Cases 21938 and
14 21939 under advisement.

15 Ms. Luck, you have all the exhibits filed,
16 right? You just replaced some yesterday; is that correct?

17 MS. LUCK: That's right. So there were two sets
18 of Notices that went out, and so we had to include
19 tracking for both of those. And then there were two NOPS,
20 and the first time we filed one of the NOPS wasn't
21 complete, and we were able to get the second page from the
22 newspaper and resubmit it yesterday.

23 EXAMINER BRANCARD: We are just trying to make
24 sure we are not waiting for anything, that's all.

25 MS. LUCK: It should be complete at this time.

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. 22116, 22118,
22119

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

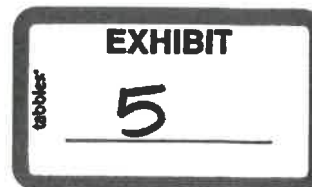
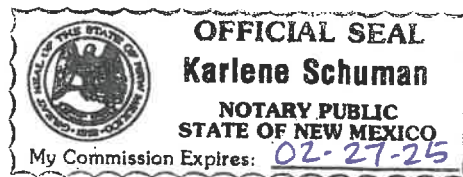
Deana M. Bennett, attorney in fact and authorized representative of Franklin Mountain Energy, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were provided under a notice letter, attached, to pooled working interest owners and that proof of notice is attached hereto.


Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 7 day of September, 2021 by Deana M. Bennett.


Notary Public

My commission expires: 02-27-25





MODRALL SPERRING

L A W Y E R S

August 19, 2021

Deana M. Bennett
505.848.1834
Deana.Bennett@modrall.com

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

**Re: APPLICATION OF FRANKLIN MOUNTAIN ENERGY, LLC TO
AMEND ORDER NO. R-20942, LEA COUNTY, NEW MEXICO.**

CASE NO. 22118

**Re: APPLICATION OF FRANKLIN MOUNTAIN ENERGY, LLC TO
AMEND ORDER O. R-20946, LEA COUNTY, NEW MEXICO.**

CASE NO. 22121

TO: AFFECTED PARTIES

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

In Case No. 22118, FME seeks an order from the Division amending Order No. R-20942 to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-20942 pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Sections 9 and 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. Said area is located approximately 13 miles Northwest of Jal, New Mexico.

In Case No. 22121, FME seeks an order from the Division amending Order No. R-20946 to (1) add an additional initial well to the approved horizontal spacing unit; and (2) allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-20946 pooled uncommitted interest owners in a 320-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 W/2 of Sections 9 and 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. Said area is located approximately 13 miles Northwest of Jal, New Mexico.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing

Modrall Sperring
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

will be conducted on Sept. 9, 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 these applications, we are notifying you of your right to appear at the hearing and participate in the cases, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in the cases at a later date.

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

Sincerely,



Deana M. Bennett

Attorney for Applicant

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY, LLC TO AMEND ORDER NO. R-20942,
LEA COUNTY, NEW MEXICO**

**CASE NO. 22118
ORDER NO. R-20942
(Re-Open)**

APPLICATION

Franklin Mountain Energy, LLC (“FME”), OGRID Number 373910, through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) for the limited purpose of amending Order No. R-20942 to allow for an extension of time for drilling the initial well under the Order. In support of this application, FME states as follows:

1. FME has an interest in the subject lands and has a right to drill and operate a well thereon.
2. The Division entered Order No. R-20942 in Case No. 20773 on October 31, 2019.
3. Order No. R-20942 is one of several orders (the “Colorado Orders”) relating to FME’s “Colorado” well group and FME’s “Colorado” units.
4. Order No. R-20942 pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Sections 9 and 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.
5. Order No. R-20942 designated FME as the operator of the wells and the unit.
6. On August 18, 2020, FME submitted a written request to OCD an extension of time to spud the initial well under Order R-20942. FME submitted this written request under the

then existing form of order which allowed requests for extensions of time to be submitted by letter to OCD, rather than by an application for hearing.

7. OCD granted FME's request for an extension of time, through October 31, 2021.

8. Since the issuance of the Colorado Orders, FME has determined to batch drill the wells that are the subject of the Colorado Orders to facilitate efficient drilling of the wells.

9. FME requests that Order No. R-20942 be re-opened again and amended to allow FME additional time to commence drilling the initial well under the Order.

10. Good cause exists for FME's request for an extension of time.

11. As FME indicated in its August 18, 2020 letter, there had been changes in FME's drilling schedule due to COVID-19 and the then-existing market conditions.

12. FME's operations and drilling activity have continued to be impacted by COVID-19 and oil and gas market conditions.

13. In addition, FME has determined to batch drill the wells subject to this Order, along with the wells subject to the other Colorado Orders.

14. In addition to filing this request for an extension of time, FME is requesting extensions of time with respect to all of the Colorado Orders to enable FME to batch drill the wells, which will be more efficient.

15. It is FME's intent to develop the acreage in this unit, as well as the other Colorado units, and to drill the wells thereon. Given the delays occasioned by COVID-19, and Franklin's decision to batch drill the wells, FME requires additional time to commence drilling.

16. FME asks that the deadline to commence drilling the initial well be extended for a year from October 31, 2021 to October 31, 2022.

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 9, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-20942 to extend the time for FME to commence drilling the initial well under the Order for a year, through October 31, 2022.

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

By: Deana M. Bennett

Deana M. Bennett
Jamie L. Allen
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. _____ : (Re-Open) Application of Franklin Mountain Energy, LLC to Amend Order No. R-20942, Lea County, New Mexico. Applicant seeks an order from the Division amending Order No. R-20942 to allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-20942 pooled uncommitted interest owners in a 640-acre, more or less, Wolfcamp horizontal spacing unit comprised of the W/2 of Sections 9 and 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. Said area is located approximately 13 miles Northwest of Jal, New Mexico.

W4124844.DOCX

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY, LLC TO AMEND ORDER NO. R-20946,
LEA COUNTY, NEW MEXICO**

**CASE NO. 22121
ORDER NO. R-20946
(Re-Open)**

APPLICATION

Franklin Mountain Energy, LLC (“FME”), OGRID Number 373910, through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) to amend Order No. R-20946 to (1) add an additional initial well to the approved horizontal spacing unit; and (2) allow for an extension of time for drilling the initial well under the Order. In support of this application, FME states as follows:

1. FME has an interest in the subject lands and has a right to drill and operate a well thereon.
2. The Division entered Order No. R-20946 in Case No. 20777 on October 31, 2019.
3. Order No. R-20946 is one of several orders (the “Colorado Orders”) relating to FME’s “Colorado” well group and FME’s “Colorado” units.
4. Order No. R-20946 pooled uncommitted interest owners in a 320-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 W/2 of Sections 9 and 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.
5. Order No. R-20946 dedicated the above-described spacing unit to the Ouray Fed Com 602H well.
6. Order No. R-20946 designated FME as the operator of the wells and the unit.

7. On August 18, 2020, FME submitted a written request to OCD an extension of time to spud the initial well under Order R-20946. FME submitted this written request under the then-existing form of order which allowed requests for extensions of time to be submitted by letter to OCD, rather than by an application for hearing.

8. OCD granted FME's request for an extension of time, through October 31, 2021.

9. Since the issuance of the Colorado Orders, FME has determined to batch drill the wells that are the subject of the Colorado Orders to facilitate efficient drilling of the wells.

10. Since entry of Order No. R-20946, FME has determined that prior to the commencement of drilling it is prudent to add the following additional initial Wolfcamp well to the approved spacing unit: the Ouray Fed Com 302H. This well will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.

11. FME has sent revised well proposal letters to the mineral interest owners pooled under Order No. R-20946 and will notify them of this hearing.

12. FME also requests that Order No. R-20946 be amended to allow FME additional time to commence drilling the initial well under the Order.

13. Good cause exists for FME's request for an extension of time.

14. As FME indicated in its August 18, 2020 letter, there had been changes in FME's drilling schedule due to COVID-19 and the then-existing market conditions.

15. FME's operations and drilling activity have continued to be impacted by COVID-19 and oil and gas market conditions.

16. In addition, FME has determined to batch drill the wells subject to this Order, along with the wells subject to the other Colorado Orders.

17. In addition to filing this request for an extension of time, FME is requesting extensions of time with respect to all of the Colorado Orders to enable FME to batch drill the wells, which will be more efficient.

18. It is FME’s intent to develop the acreage in this unit, as well as the other Colorado units, and to drill the wells thereon. Given the delays occasioned by COVID-19, and Franklin’s decision to batch drill the wells, FME requires additional time to commence drilling.

19. FME asks that the deadline to commence drilling the initial well be extended for a year from October 31, 2021 to October 31, 2022.

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 9, 2021, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-20946 to add the well identified herein to the approved horizontal spacing unit;

B. Amend Order No. R-20946 to extend the time for FME to commence drilling the initial well under the Order for a year, through October 31, 2022.

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

By: Deana M. Bennett
Deana M. Bennett
Jamie L. Allen
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. _____ : (Re-Open) Application of Franklin Mountain Energy, LLC to Amend Order No. R-20946, Lea County, New Mexico. Applicant seeks an order from the Division amending Order No. R-20946 to (1) add an additional initial well to the approved horizontal spacing unit; and (2) allow for a one-year extension of time to commence drilling the initial well under the Order. Order No. R-20946 pooled uncommitted interest owners in a 320-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 W/2 of Sections 9 and 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. Said area is located approximately 13 miles Northwest of Jal, New Mexico.

W4125624.DOCX

Transaction Details

Recipient:
 XTO Holdings, LLC
 22777 Springwoods Village Pkwy #115
 Spring, TX 77389

Date Created: 08/19/2021 2:17 PM
Date Mailed: 08/19/2021
Date Mail Delivered: 08/24/2021 9:18 AM
USPS Article Number: 9314869904300065877474
Return Receipt Article Number: Not Applicable

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

Service Options: Return Receipt - Electronic
 Certified Mail
Mail Service: Certified
Reference #: 10154.001- 18, 21
Postage: \$1.20
Certified Mail Fees: \$5.35
Status: Delivered
Custom Field 1: 10154.001- 18

Transaction created by: Karlenes
User ID: 20660
Firm Mailing Book ID: 213682
Batch ID: 215876

Transaction History

Event Description	Event Date	Details
Mailbook Generated	08-19-2021 02:52 PM	[WALZ] - Firm Mailing Book 213682 generated by Karlenes
USPS® Certified Mail	08-21-2021 11:27 AM	[USPS] - PROCESSED THROUGH USPS FACILITY at NORTH HOUSTON TX DISTRIBUTION C
USPS® Certified Mail	08-21-2021 05:33 PM	[USPS] - PROCESSED THROUGH USPS FACILITY at NORTH HOUSTON TX DISTRIBUTION C
USPS® Certified Mail	08-23-2021 09:27 AM	[USPS] - ARRIVAL AT UNIT at SPRING, TX
USPS® Certified Mail	08-23-2021 09:38 AM	[USPS] - OUT FOR DELIVERY at SPRING, TX
USPS® Certified Mail	08-23-2021 11:52 AM	[USPS] - NO AUTHORIZED RECIPIENT AVAILABLE at SPRING, TX
USPS® Certified Mail	08-24-2021 09:18 AM	[USPS] - CERTIFIED MAIL DELIVERED FRONT DESKRECEPTIONMAIL ROOM at SPRING, TX



August 25, 2021

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0085 6774 74.**

Item Details

Status: Delivered, Front Desk/Reception/Mail Room
Status Date / Time: August 24, 2021, 09:18 a.m.
Location: SPRING, TX 77389
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: XTO Holdings LLC

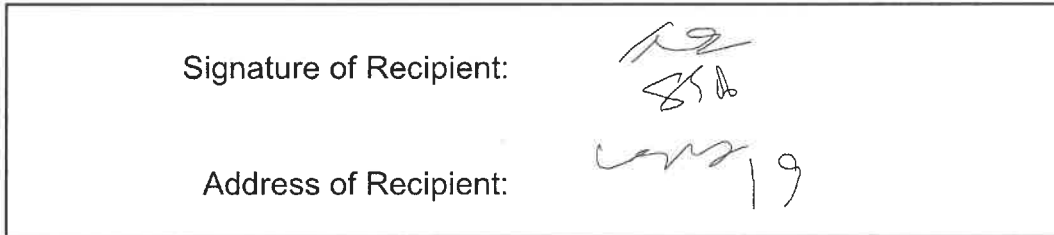
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 22777 SPRINGWOODS VILLAGE PKWY
City, State ZIP Code: SPRING, TX 77389-1425

Recipient Signature



Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 10154.001- 18, 21.

Transaction Details

Recipient:
Chevron USA, Inc.
1400 Smith St.
Houston , TX 77002

Date Created: 08/19/2021 2:17 PM
Date Mailed: 08/19/2021
Date Mail Delivered: 08/25/2021 2:52 PM
USPS Article Number: 9314869904300085677467
Return Receipt Article Number: Not Applicable

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

Service Options: Return Receipt - Electronic
Certified Mail
Mail Service: Certified
Reference #: 10154.001- 18, 21
Postage: \$1.20
Certified Mail Fees: \$5.35
Status: Delivered
Custom Field 1: 10154.001- 18.

Transaction created by: Karlenes
User ID: 20660
Firm Mailing Book ID: 213682
Batch ID: 215876

Transaction History

Event Description	Event Date	Details
Mailbook Generated	08-19-2021 02:52 PM	[WALZ] - Firm Mailing Book 213682 generated by Karlenes
USPS® Certified Mail	08-21-2021 11:29 AM	[USPS] - PROCESSED THROUGH USPS FACILITY at NORTH HOUSTON TX DISTRIBUTION C
USPS® Certified Mail	08-21-2021 07:42 PM	[USPS] - PROCESSED THROUGH USPS FACILITY at NORTH HOUSTON TX DISTRIBUTION C
USPS® Certified Mail	08-24-2021 11:56 AM	[USPS] - ARRIVAL AT UNIT at HOUSTON,TX
USPS® Certified Mail	08-24-2021 12:12 PM	[USPS] - AVAILABLE FOR PICKUP at HOUSTON,TX
USPS® Certified Mail	08-25-2021 02:52 PM	[USPS] - CERTIFIED MAIL DELIVERED at HOUSTON,TX



August 26, 2021

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0085 6774 67**.

Item Details

Status: Delivered
Status Date / Time: August 25, 2021, 02:52 p.m.
Location: HOUSTON, TX 77002
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: Chevron USA Inc

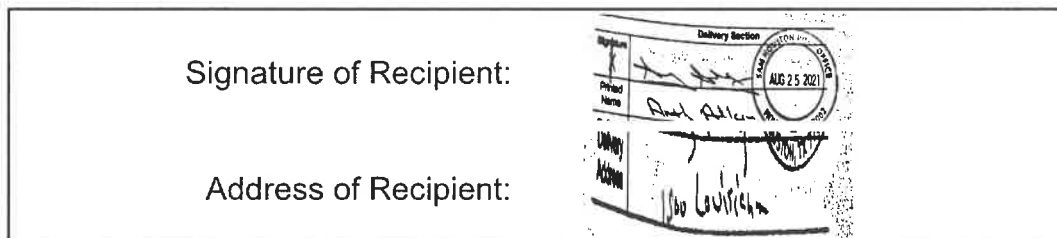
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 1400 SMITH ST
City, State ZIP Code: HOUSTON, TX 77002-7327

Recipient Signature



Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 10154.001- 18, 21.

Case No. 20773
Order No. R-20942

Exhibit "A" (Revised)

Applicant: Franklin Mountain Energy, LLC
Operator: Franklin Mountain Energy, LLC (OGRID No. 373910)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 640 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
W/2 of Sections 9 and 4,
Township 24 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfbone Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-09 S243532M – Wolfbone (98098)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: Yes
Proximity Defining Well: Ouray Fed Com 702H is to be drilled closer than 330 feet from the Proximity Tracts and therefore defines the Horizontal Spacing Unit.

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

There are 3 Proposed Well(s):

Ouray Fed Com 702H, API No. 30-025-47173
SHL: 325 feet from the South line and 1255 feet from the West line, (Unit M) of Section 9, Township 24 South, Range 35 East, NMPM.
BHL: 150 feet from the North line and 1350 feet from the West line, (Lot 3) of Section 4, Township 24 South, Range 35 East, NMPM.

Completion Target: Wolfbone at approx 11910 feet TVD.
Well Orientation: South to North
Completion Location expected to be: standard

Ouray Fed Com 703H, API No. 30-025-47267
SHL: 325 feet from the South line and 1325 feet from the West line, (Unit N) of Section 9, Township 24 South, Range 35 East, NMPM.
BHL: 150 feet from the North line and 2276 feet from the West line,



Case No. 20773
Order No. R-20942

(Lot 3) of Section 4, Township 24 South, Range 35 East, NMPM.

Completion Target: Wolfbone at approximately 12025 feet TVD
Well Orientation: South to North
Completion Location expected to be: standard

Georgetown Fed Com 701H, API No. 30-025-47265

SHL: 325 feet from the South line and 1220 feet from the West line,
(Unit M) of Section 9, Township 24 South, Range 35 East, NMPM.
BHL: 150 feet from the North line and 350 feet from the West line,
(Lot 4) of Section 4, Township 24 South, Range 35 East, NMPM.

Completion Target: Wolfbone at approximately 12025 feet TVD
Well Orientation: South to North
Completion Location expected to be: standard