

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

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

CASE NOS. 22819–22820

NOTICE OF AMENDED AND SUPPLEMENTAL EXHIBITS

Franklin Mountain Energy, LLC (“Franklin”), by counsel, submit the following exhibits for the above-referenced cases following the hearing held on June 2, 2022:

- **Amended Exhibit B.4** – Lease Tract Map, Unit Recapitulation, Summary of Interests, and Parties to be Pooled.
- **Supplemental Exhibit B.10** – Self Affirmed Declaration of Ilona Hoang Regarding Potentially Stranded Acreage.
 - o **Supplemental Exhibit B.10.1** – Relevant Excerpts from the Unit Agreement for the Arena Roja Federal Unit, Contract No. NMNM112744X.
 - o **Supplemental Exhibit B.10.2** – Serial Register Page for the Arena Roja Federal Unit.

Respectfully submitted,

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

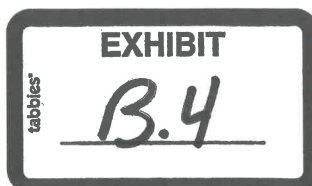
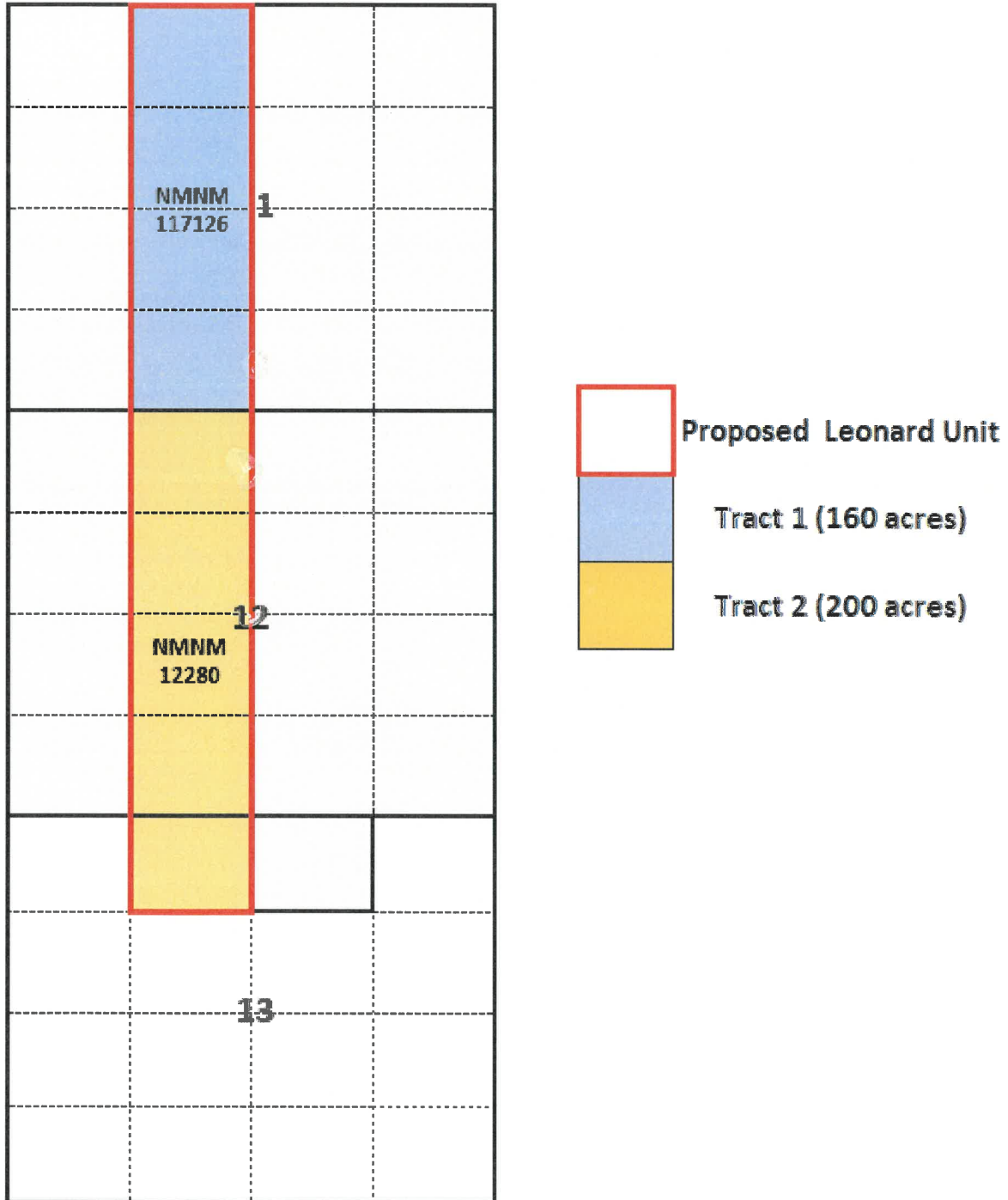
By: /s/ Bryce H. Smith

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Lease Tract Map

Case No. 22819

E/2W/2 of Sections 1 & 12, NENW of Sec 13-T26S-R35E, 360 Gross Acres
PF Fed Com 102H

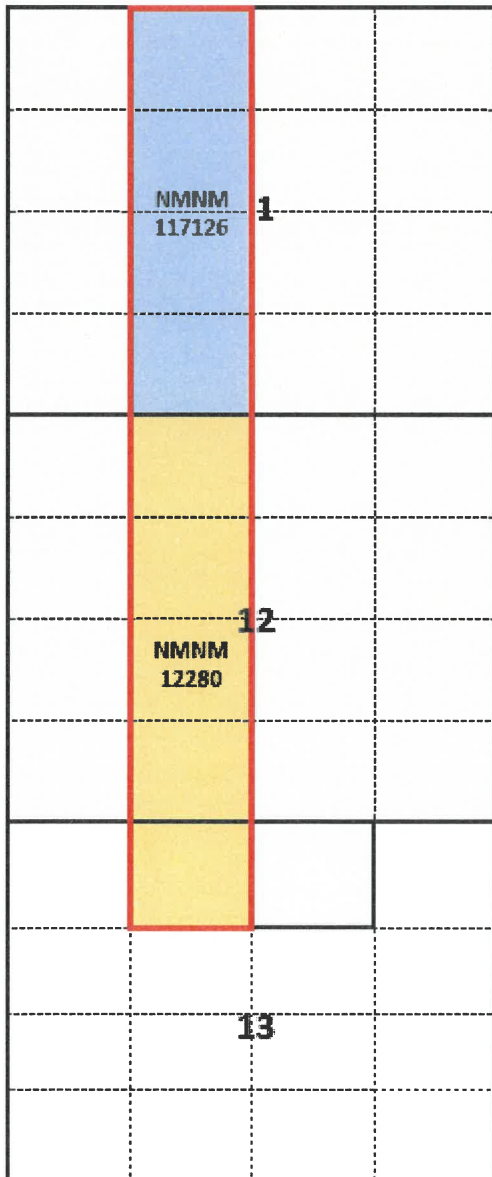


Unit Recapitulation

Case No. 22819

E/2W/2 of Sections 1 & 12, NENW of Sec 13-T26S-R35E, 360 Gross Acres
PF Fed Com 102H

Committed Working Interest	
Franklin Mountain Energy, LLC	62.222222%
COG Operating LLC	31.111111%
Uncommitted Working Interest	
Chevron U.S.A. Inc.	6.666667%
TOTAL:	100.000000%



Tract	Lease
1	NMNM 117126
2	NMNM 12280



Summary of Interests

Case No. 22819

E/2W/2 of Sections 1 & 12, NENW of Sec 13-T26S-R35E, 360 Gross Acres
PF Fed Com 102H

Committed Working Interest	
Franklin Mountain Energy, LLC	62.222222%
COG Operating LLC	31.111111%
Uncommitted Working Interest	
Chevron U.S.A. Inc.	6.666667%
TOTAL:	100.000000%



Parties to Be Pooled

Case No. 22819

Name	Interest
Chevron U.S.A. Inc.	WIO
Devon Energy Production Company, LP	ORRI
Green Ribbon, Inc.	ORRI
Bernard A. Winer and Grace S. Winer, Trustees of the Bernard and Grace Winer Living Trust	ORRI
Grimes 710, LLC	ORRI
Lacy Dinsmoor Roop 1999 Revocable Management Trust	ORRI
Doris Earline Freeman	ORRI
Mongoose Minerals, LLC	ORRI
Young Minerals Company	ORRI
Eleanor Jeane Hopper	ORRI

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

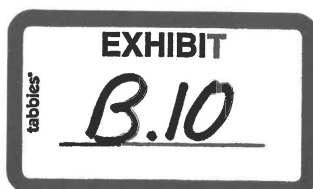
**APPLICATIONS OF FRANKLIN MOUNTAIN
ENERGY, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 22819–22820

**SELF AFFIRMED DECLARATION OF ILONA HOANG
REGARDING POTENTIALLY STRANDED ACREAGE**

Ilona Hoang hereby states and declares as follows:

1. I am over the age of 18, I am a landman for Franklin Mountain Energy, LLC (“Franklin”), and I have personal knowledge of the matters stated herein.
2. I have previously testified before the New Mexico Oil Conservation Division (“Division”) and my credentials have been accepted as a matter of record.
3. The Division held a hearing in the above-referenced cases on June 2, 2022.
4. At the hearing, the Division requested additional information regarding the possibility of stranded acreage in the lands which lie directly south of Franklin’s proposed horizontal spacing units outlined in the above captioned cases.
5. The southern quarter-quarter sections of the proposed spacing units consist of the NE/4 NW/4 (Case No. 22819) and the NW/4 NE/4 (Case No. 22820) of Section 13, Township 26 South, Range 35 East, NMPM, Lea County, NM.
6. Franklin owns 100% of the working interest in this acreage.
7. The granting of Franklin’s applications in these cases will not strand any acreage, for the following reasons.



8. First, all of the Section 13 acreage south of Franklin's proposed spacing units, as well as all of Section 24 (which is the adjacent section south of Section 13), is committed to the Arena Roja Federal Unit Area operated by Devon Energy Production Company, L.P. ("Devon"). See Unit Agreement for the Arena Roja Federal Unit, Contract No. NMNM112744X, relevant excerpts attached hereto as **Exhibit B.10.1**, and annotated for the Division's convenience.

9. However, Franklin's acreage in Section 13 is not committed to the Arena Roja Federal Unit. See Serial Register Page for the Arena Roja Federal Unit (showing Franklin's acreage in Section 13 (tract 2) as non-committed), attached hereto as **Exhibit B.10.2**, and annotated for the Division's convenience.

10. Significantly, then, Franklin's 80 acres in Section 13 could be stranded if that acreage is not developed concurrently with Franklin's development of Sections 1 and 12 to the north.

11. Second, there is no impediment preventing Devon (or any other operator) from developing the acreage south of Franklin's proposed spacing units in these cases. To date, no wells have been drilled in Sections 13 and 24. Accordingly, Devon (or any subsequent operator of the Arena Roja Federal Unit) can fully develop the land committed to the Arena Roja Federal Unit in Sections 13 and 24 using 1-3/4 mile laterals. Because there is no impediment to developing this acreage with proven lateral lengths, there is no risk that this acreage will be stranded. See *COG Operating LLC*, Order No. R-21826, ¶¶ 16–17 (rejecting the argument that acreage would be stranded where it could only be developed using 1-mile laterals).

12. Because Franklin's plan does not prevent the development of any acreage in Sections 13 and 24, and in fact prevents the stranding of Franklin's 80 acres in Section 13, it poses no risk of stranding any acreage.

13. Finally, the Division approved compulsory-pooling orders which designate Franklin as the operator for the exact same acreage as these applications, for both the Bone Spring and Wolfcamp formations. See *Franklin Mountain Energy LLC*, Order Nos. R-21498, R-21505, and R-21512. Franklin's applications in Case Nos. 22819 and 22820 seek to pool uncommitted interest owners into units that cover the same acreage as in the previously issued orders, thereby protecting Franklin's correlative rights and preventing waste.

14. In conclusion, the granting of Franklin's applications (1) protects Franklin's correlative rights in the 80 acres in Section 13 which Franklin owns 100% of the interest and (2) prevents waste by allowing Franklin to develop that acreage now, while not preventing development of the lands lying directly south of Franklin's proposed spacing units.

15. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

[Signature page follows]

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: June 8, 2022



Ilona Hoang

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
ARENA ROJA FEDERAL UNIT AREA
COUNTY OF LEA
STATE OF NEW MEXICO
CONTRACT NO. NMNM 112744X



THIS AGREEMENT, entered into as of the 1st day of March, 2005, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

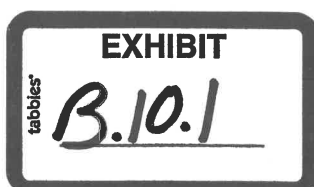
WHEREAS, the parties hereto are the owners of working, royalty, or other oil and gas interests in the unit area subject to this agreement; and

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Sec. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit plan of development or operations of any oil and gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the parties hereto hold sufficient interests in the Arena Roja Federal Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below-defined unit area, and agree severally among themselves as follows:



1. ENABLING ACT AND REGULATIONS.

The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the state in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA.

The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the unit area, containing 7601.48 acres, more or less.

Exhibit "A" shows, in addition to the boundary of the Unit Area, the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the unit operator, the acreage, percentage, and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in Exhibits "A" or "B" shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in the exhibits as owned by such party. Exhibits "A" and "B" shall be revised by the unit operator whenever changes in the unit area or in the ownership interests in the individual tracts render such revision necessary, or when requested by the Authorized Officer, hereinafter referred to as AO, and not less than four copies of the revised exhibits shall be filed with the proper Bureau of Land Management (BLM) office.

The above-described unit area shall when practicable be expanded to include therein any additional lands or shall be contracted to exclude lands whenever such expansion or contraction is deemed to be necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) The unit operator, on its own motion (after preliminary concurrence by the AO), or on demand of the AO, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefore, any plans for additional drilling, and the proposed effective date of the expansion or contraction, preferably the first day of the month subsequent to the date of notice.

(b) Said notice shall be delivered to the proper BLM office, and copies thereof mailed to the last known address of each working interest owner, lessee and lessor whose interests are affected, advising that 30 days will be allowed for submission to the unit operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, the unit operator shall file with the AO evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the unit operator, together with an application in quadruplicate, for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the AO, become effective as of the date prescribed in the notice thereof or such other appropriate date.

(e) All legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent; in instances of irregular surveys, unusually large lots or tracts shall be considered in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are in or entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of said fifth anniversary, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90-days time elapsing between the completion of one such well and the commencement of the next such well. All legal subdivisions of lands not entitled to be in a participating area within 10 years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. The unit operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the AO and promptly notify all parties in interest. All lands reasonably proved productive of unitized substances in paying quantities by diligent drilling operations after the aforesaid 5-year period shall become participating in the same manner as during said first 5-year period. However, when such diligent drilling operations cease, all nonparticipating lands not then entitled to be in a participating area shall be automatically eliminated effective as of the 91st day thereafter.

Any expansion of the unit area pursuant to this section which embraces lands theretofore eliminated pursuant to this Subsection 2(e) shall not be considered automatic commitment or recommitment of such lands. If conditions warrant extension of the 10-year period specified in this subsection, a single extension of not to exceed 2 years may be accomplished by consent of the owners of 90 percent (90%) of the working interest in the current nonparticipating unitized lands and the owners of 60 percent (60%) of the basic royalty interests (exclusive of the basic royalty interests of the United States) in nonparticipating unitized lands with approval of the AO, provided such extension application is submitted not later than 60 days prior to the expiration of said 10-year period.

3. UNITIZED LAND AND UNITIZED SUBSTANCES.

All land now or hereafter committed to this agreement or unleased Federal land shall constitute land referred to herein as "Unitized Land" or "land subject to this agreement." All oil and gas in any and all formations of the Unitized Land are unitized under the terms of this agreement and herein are called "Unitized Substances."

4. UNIT OPERATOR.

Devon Energy Production Company, L.P. is hereby designated as unit operator and by signature hereto as unit operator agrees and consents to accept the duties and obligations of unit operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to the unit operator as the owner of a working interest only when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR.

The unit operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release the unit operator from the duties and obligations of unit operator and terminate the unit operator's rights as such for a period of 6 months after notice of intention to resign has been served by the unit operator on all working interest owners and the AO and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment, whichever is required by the AO, unless a new unit operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of unit operator prior to the expiration of said period.

The unit operator shall have the right to resign in like manner and subject to like limitations as above provided at any time after a participating area established hereunder is in existence, but in all instances of resignation or removal, until a successor unit operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of unit operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of the unit operator shall not release the unit operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Date/Time: 6/2/2022 13:07 PM

Page 1 Of 3

01 02-25-1920;041STAT0437;30USC181
Case Type 318210: O&G EXPLORATORY UNIT
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

**Total Acres:
7,601.480**

**Serial Number
NMNM 112744X**

Case File Juris:

Serial Number: NMNM-- - 112744X

Name & Address		Int Rel	% Interest
BLM CARLSBAD FO	620 E GREENE ST	CARLSBAD NM 882206292	OFFICE OF RECORD 0.000000000
DEVON ENERGY CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	OPERATOR 100.000000000

Serial Number: NMNM-- - 112744X										
Mer	Twp	Rng	Sec	SType	Nr	Suff	Subdivision	District/ Field Office	County	Mgmt Agency
23	0260S	0350E	010	ALL			ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0350E	013	ALL			ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0350E	014	ALL			ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0350E	015	ALL			ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0350E	021	ALIQ			E2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
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23	0260S	0350E	033	ALIQ			N2N2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0350E	033	LOTS			1-4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
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23	0260S	0350E	034	ALIQ			N2N2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0350E	035	ALIQ			N2N2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23	0260S	0350E	035	LOTS			1-4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Relinquished/Withdrawn Lands

Serial Number: NMNM-- - 112744X

Serial Number: NMNM-- - 112744X				
Act Date	Act Code	Action Txt	Action Remarks	Pending Off
03/08/2005	387	CASE ESTABLISHED	DESIGNATION RECEIVED	
03/08/2005	500	GEOGRAPHIC NAME	ARENA ROJA FEDERAL;	

NO WARRANTY IS MADE BY BLM FOR PURPOSES NOT INTENDED BY BLM



DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT
 CASE RECORDATION
 (MASS) Serial Register Page

Run Date/Time: 6/2/2022 13:07 PM

Page 2 Of 3

Serial Number: NMNM-- - 112744X

Act Date	Act Code	Action Txt	Action Remarks	Pending Off
03/15/2005	519	AGRMT/EXPANSION DESIG	AGREEMENT	
03/15/2005	974	AUTOMATED RECORD VERIF	MO	
04/12/2005	680	AGREEMENT FILED		
04/19/2005	334	AGRMT APPROVED		
04/19/2005	516	FORMATION	ALL;	
04/19/2005	526	ACRES-FED INT 100%	7601.48;100.00%	
04/19/2005	868	EFFECTIVE DATE	/A/ UNIT AGREEMENT	
04/19/2005	974	AUTOMATED RECORD VERIF	MO	
01/31/2006	654	AGRMT PRODUCING	NM97910;1 ARENA ROJA	
05/27/2006	664	PA EFFECTIVE	INITIAL STRAWN PA A;	
02/19/2008	421	PLAN OPER/EXPL/DEV FILED		
03/19/2008	422	PLAN OPER/EXPL/DEV APPV		
02/05/2020	421	PLAN OPER/EXPL/DEV FILED	2020 POD;	

Serial Number: NMNM-- - 112744X

Line Number	Remark Text
0002	/A/EXHIBIT B EFFECTIVE DATE 04/19/2005
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0004	NMNM 0448921A 1 NC 200.00
0005	NMNM 12280 2 NC 80.00
0006	NMNM 94863 # 3 FC 2200.00
0007	NMNM 118123 4 FC 120.00
0008	NMNM 96254 5 FC 320.00
0009	NMNM 96256 6 FC 640.00
0010	NMNM 96257 7 FC 640.00
0011	NMNM 97909 8 FC 440.00
0012	NMNM 97910 # 9 FC 1600.00
0013	NMNM 100570 10 FC 40.00
0014	NMNM 101610 11 NC 881.48
0015	NMNM 108479 12 NC 120.00
0016	NMNM 112944 13 FC 320.00
0017	/A/EXHIBIT B EFFECTIVE DATE 10/10/2006
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0020	NMNM 12280 2 NC 80.00 1.0524
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0022	NMNM 118123 4 FC 120.00 1.5786
0023	NMNM 96254 5 FC 320.00 4.2097
0024	NMNM 96256 6 FC 640.00 8.4194
0025	NMNM 96257 7 FC 640.00 8.4194

FME Acreage
 "NC" = Not Committed

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

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CASE RECORDATION
(MASS) Serial Register Page

Run Date/Time: 6/2/2022 13:07 PM

Page 3 Of 3

Line Number	Remark Text	Serial Number: NMNM-- - 112744X
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0027	NMNM 97910 # 9 FC 1600.00 21.0485	
0028	NMNM 100570 10 FC 40.00 0.5262	
0029	NMNM 101610 11 FC 881.48 11.5962	
0030	NMNM 108479 12 NC 120.00 1.5786	
0031	NMNM 112944 13 FC 320.00 4.2097	
0032	TOTAL 7601.48 100.0000	
0033	TRACT 11 NOW FULLY COMMITTED	
0034	ON JUNE 5, 2017 BLM RECEIVED SUBSEQUENT JOINDER	
0035	SIGNED COVERING TR 12 AND EFFECTIVE JUNE 1, 2016	
0036	A NEW EXHIBIT B WAS REQUESTED.	

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM