

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY LLC TO AMEND ORDER
NO. R-21997, LEA COUNTY, NEW MEXICO**

CASE NO. 23223

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- Exhibit A.1: Application
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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-21997, LEA COUNTY, NEW MEXICO

CASE NO. 23223

SELF AFFIRMED DECLARATION OF ILONA HOANG

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. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert petroleum land professional were accepted by the Division as a matter of record.

2. My area of responsibility at Franklin includes the area of Lea County in New Mexico.

3. I am familiar with the application filed by Franklin in this case, which is attached as **Exhibit A.1**.

4. I am familiar with the status of the lands that are subject to the application.

5. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced application.

6. The purpose of the application is to re-open Order No. R-21997, attached as **Exhibit A.2**, to amend it to allow for a one-year extension of time to commence drilling the initial well under the Order.

7. Order No. R-21997, issued in Case No. 22449, pooled overriding royalty interest owners (ORRI) in a 320-acre, more or less, Bone Spring standard horizontal spacing unit



comprised of the W/2E/2 of Sections 14 and 23, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

8. Order No. R-21997 designated Franklin as the operator of the wells and the unit.

9. Order No. R-21997, ¶ 19 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

10. Under Order No. R-21997, Franklin would be required to commence drilling the initial well by January 26, 2023.

11. Further, Order No. R-21997, ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

12. Good cause exists for Franklin’s request for an extension of time. Franklin’s plan to develop this acreage was delayed because of a leasing question with BLM which arose in mid-2022, after the Order was issued.

13. The issue having now been largely resolved, Franklin expects it will be able to drill these wells in the fourth quarter of 2023.

14. Franklin therefore requests that the deadline to commence drilling the initial well be extended for one year, from January 26, 2023 to January 26, 2024.

15. Franklin and its affiliate Franklin Mountain Energy 2, LLC are the only working interest owners in the Unit.

16. Order No. R-21997 pooled only ORRIs owners. No working interest owners were pooled. I have attached the Pooled Parties list submitted to the Division in Case No. 22449, which identifies only ORRIs owners as pooled parties, as **Exhibit A.3**.

17. Division practice has been to provide notice of extension applications only to pooled working interest owners. Because Order R-21997 did not pool any working interest owners, no notice of this application was required to be mailed or published under Division practice.

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

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

[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: 12/29, 2022



Ilona Hoang

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

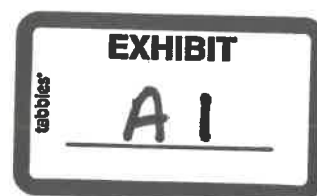
**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY LLC TO AMEND ORDER
NO. R-21997, LEA COUNTY, NEW MEXICO**

**CASE NO. 23223
ORDER NO. R-21997
(Amend)**

APPLICATION

Franklin Mountain Energy LLC (“Franklin”), OGRID Number 373910, through its undersigned attorneys, hereby applies to the Oil Conservation Division (the “Division”) for the limited purpose of amending Order No. R-21997 (the “Order”) to allow for an extension of time for Franklin to commence drilling the initial well under the Order. In support of this application, Franklin states as follows:

1. In December 2021, Franklin filed an application (Case No. 22449) seeking to pool uncommitted interests in the Bone Spring formation underlying the W/2E/2 of Sections 14 and 23, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico.
2. On January 26, 2022, the Division entered Order No. R-21997 in Case No. 22449.
3. Order No. R-21997 pooled uncommitted interest owners in a 320-acre, more or less, Bone Spring standard horizontal spacing unit comprised of the W/2E/2 of Sections 14 and 23, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico.
4. Order No. R-21997 designated Franklin as the operator of the well and the unit.



5. Order No. R-21997, ¶ 19 states: “The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

6. Further, Order No. R-21997, ¶ 20 states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.”

7. Under Order No. R-21997, Franklin would be required to commence drilling the initial well by January 26, 2023.

8. Franklin hereby requests that Order No. R-21997 be amended to allow Franklin additional time to commence drilling the initial well under the Order.

9. Franklin asks that the deadline to commence drilling the initial well be extended for one year, from January 26, 2023 to January 26, 2024.

10. Good cause exists for Franklin’s request for an extension of time. Franklin’s plan to develop this acreage was delayed because of a leasing question with BLM which arose in mid-2022, after the Order was issued. The issue having now been largely resolved, Franklin expects it will be able to commence drilling the well before January 26, 2024.

WHEREFORE, Franklin requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2023, and after notice and hearing as required by law, the Division:

A. Amend Order No. R-21997 to extend the time for Franklin to commence drilling the initial well under the Order for one year, through January 26, 2024; and

B. Incorporate all other provisions of Order No. R-21997.

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

By: /s/ Bryce H. Smith

Deana M. Bennett

Bryce H. Smith

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

deana.bennett@modrall.com

bryce.smith@modrall.com

Attorneys for Franklin Mountain Energy LLC

CASE NO. 23223 : (Amend) Application of Franklin Mountain Energy LLC to Amend Order No. R-21997, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-21997 to allow for a one-year extension of time to commence drilling the initial well under Order No. R-21997. Order No. R-21997 pooled uncommitted interest owners in a 320-acre, more or less, Bone Spring standard horizontal spacing unit comprised of the W/2E/2 of Sections 14 and 23, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Said area is located approximately 16 miles northwest of Jal, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY, LLC**

**CASE NO. 22449
ORDER NO. R-21997**

ORDER

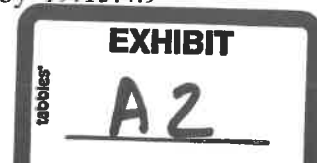
The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on January 6, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator does not propose any supervision and risk charges for the Well(s) described in Exhibit A, because the uncommitted oil and gas interests the Operator is seeking to be pool by this Application do not include any working interests.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.



10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Because the interests to be pooled by this Order do not include any working interests, there is no necessity to provide in this Order for allocation of costs, risk charges, or overhead charges.
23. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

CASE NO. 22449
ORDER NO. R-21997

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- 24. The Unit shall terminate if (a) the owners of all Uncommitted Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 25. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**


ADRIENNE SANDOVAL
DIRECTOR
 AES/jag

Date: 1/26/2022

CASE NO. 22449
 ORDER NO. R-21997

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Exhibit A

Received by OCD: 1/4/2022 6:28:54 PM BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JANUARY 6, 2022

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COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 22449	APPLICANT'S RESPONSE
Date: Hearing Date-January 6, 2022	
Applicant	Franklin Mountain Energy, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy, LLC (373910)
Applicant's Counsel:	Modrall Sperleng (Deana Bennett, Earl DeBrine, Bryce Smith)
Case Title:	Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	None
Well Family	Master
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	
	WC-025 G-09 S253502D-LWR BONE SPRING 98185
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	320 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2E/2 of Sections 14 and 23, Township 24 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	N
Proximity Defining Well: if yes, description	N
Applicant's Ownership In Each Tract	Exhibit 4.
Well(s)	



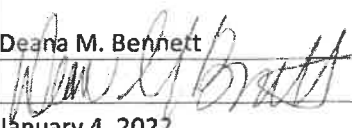
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CASE NO. 22449
ORDER NO. R-21997

OCD Hearing 1-5-23
Case No. 23223

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Exhibit 3.
Well #1	Master Fed Com 603H API: 30-025-48595 SHL: 269 feet from the North line and 1387 feet from the East line, Section 14, Township 24 South, Range 35 East, NMPM. BHL: 150 feet from the South line and 1689 feet from the East line, Section 23, Township 24 South, Range 35 East, NMPM. Completion Target: Bone Spring. Well Orientation: North/South Completion location: Expected to be standard. See also Exhibit 3 for C-102.
Horizontal Well First and Last Take Points	Exhibit 3
Completion Target (Formation, TVD and MD)	Bone Spring; TVD 11,801'; MD 21,821'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	N/A
Production Supervision/Month \$	N/A
Justification for Supervision Costs	N/A
Requested Risk Charge	N/A
Notice of Hearing	
Proposed Notice of Hearing	Exhibits 2; 5
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 5
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit 5
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	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit 6

List of Interest Owners (ie Exhibit A of JOA)	N/A
Chronology of Contact with Non-Joined Working Interests	N/A (Exhibit 5)
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	N/A (Exhibit 7)
Cost Estimate to Equip Well	N/A (Exhibit 7)
Cost Estimate for Production Facilities	N/A (Exhibit 7)
Geology	
Summary (including special considerations)	Tab C
Spacing Unit Schematic	Exhibit 10
Gunbarrel/Lateral Trajectory Schematic	Exhibit 10
Well Orientation (with rationale)	Exhibit 12
Target Formation	Exhibit 11C
HSU Cross Section	Exhibit 11C
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit 3
Tracts	Exhibit 4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 4
General Location Map (including basin)	Exhibit 9
Well Bore Location Map	Exhibit 9
Structure Contour Map - Subsea Depth	Exhibit 11A
Cross Section Location Map (including wells)	Exhibit 11B
Cross Section (including Landing Zone)	Exhibit 11C
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
Signed Name (Attorney or Party Representative):	
Date:	January 4, 2022

Parties to Be Pooled--Case 22449	Interest Type
Pony Oil Operating, LLC	ORRI
Elliot Hall Company	ORRI
TD Minerals, LLC	ORRI

