



Before the Oil Conservation Division
Examiner Hearing November 2, 2023

Compulsory Pooling

Case No. 23620: Gold State Com 301H
Gold State Com 601H

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

IN THE MATTER OF THE APPLICATION OF

**FRANKLIN MOUNTAIN ENERGY 3, LLC
FOR COMPUSLORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23620

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COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 23620	APPLICANT'S RESPONSE
Date	November 2, 2023
Applicant	Franklin Mountain Energy 3, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy 3, LLC OGRID No. 331595
Applicant's Counsel:	Modrall, Sperling, Roehl, Harris, & Sisk, P.A.
Case Title:	Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	COG Operating LLC
Well Family	Gold State
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:	Airstrip; Bone Spring Pool (Code 960)
Well Location Setback Rules:	State-Wide Rules Apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	280-acres
Building Blocks:	40-Acres
Orientation:	North/South
Description: TRS/County	W/2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes.
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	See Exhibit B.3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1: Gold State Com 301H	SHL: 1025' FNL & 825' FWL, Section 35, T18S, R34E BHL: 2510' FSL & 360' FWL, Section 23, T18S, R34E Completion Target: First Bone Spring (Approx. 9,150' TVD)

EXHIBIT

tabbies

A

Well #2: Gold State Com 601H	SHL: 1025' FNL & 850' FWL, Section 35, T18S, R34E BHL: 2510' FSL & 360' FWL, Section 23, T18S, R34E Completion Target: Third Bone Spring (Approx. 10,496' TVD)
Horizontal Well First and Last Take Points	See Exhibit B.2
Completion Target (Formation, TVD and MD)	See Exhibit B.6
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$9,000.00
Production Supervision/Month \$	\$900.00
Justification for Supervision Costs	See Exhibit B Paragraph 23
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B.7
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B.7
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B.7
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B.3
Tract List (including lease numbers and owners)	Exhibit B.3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit B.3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit B.5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.3
Chronology of Contact with Non-Joined Working Interests	Exhibit B.4
Overhead Rates In Proposal Letter	Exhibit B.5
Cost Estimate to Drill and Complete	Exhibit B.6
Cost Estimate to Equip Well	Exhibit B.6
Cost Estimate for Production Facilities	Exhibit B.6
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C.1
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.1
Well Orientation (with rationale)	Exhibit C.11
Target Formation	Exhibit C.3 to C.6 / Exhibit C.7 to C.9
HSU Cross Section	Exhibit C.5 / Exhibit C.9
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	See Exhibit B.4

Tracts	3	Exhibit B.5
Summary of Interests, Unit Recapitulation (Tracts)		Exhibit B.5
General Location Map (including basin)		Exhibit C.1
Well Bore Location Map		Exhibit C.2
Structure Contour Map - Subsea Depth		Exhibit C.3 / Exhibit C.7
Cross Section Location Map (including wells)		Exhibit C.4 / Exhibit C.8
Cross Section (including Landing Zone)		Exhibit C.5 / Exhibit C.9
Additional Information		
Special Provisions/Stipulations		N/A
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):	/s/ Deana M. Bennett	
Date:	10/31/2023	

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

APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 23620

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

AFFIDAVIT OF DON JOHNSON

Don Johnson, being duly sworn, deposes and states as follows:

1. I am over the age of 18, I am a landman for Franklin Mountain Energy 3, LLC (“Franklin”), and I have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert petroleum landman were accepted by the Division as a matter of record.

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

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

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

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

6. The purpose of the application is to force pool all uncommitted interests into the horizontal spacing unit described below, and in the wells to be drilled in the unit.



7. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells.

8. In this case, Franklin seeks an order from the Division pooling all uncommitted mineral interests within a 280-acre, more or less, Bone Spring horizontal spacing unit comprising W/2 SW/4 of Section 23, W/2 W/2 of Section 26, and the NW/4 NW/4 of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

9. This spacing unit will be dedicated to the **Gold State Com 301H and Gold State 601H wells**, to be horizontally drilled.

10. Attached as **Exhibit B.2** is the proposed C-102 for the wells.

11. The C-102s identify the proposed surface hole locations and the bottom hole locations, and the first take points. The C-102s also identify the pool and pool code.

12. The wells will develop the Airstrip; Bone Spring pool, Pool Code 960.

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

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

15. The producing areas for the wells is expected to be orthodox.

16. There are no depth severances within the proposed spacing unit.

17. **Exhibit B.3** includes a lease tract map outlining the unit being pooled. Exhibit B.3 also includes the parties being pooled, the nature, and the percent of their interests.

18. I have conducted a diligent search of the public records in the county where the wells are located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed the working interest owners well proposals, including an Authorization for Expenditure.

19. In my opinion, Franklin has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

20. **Exhibit B.4** is a summary of my contacts with the working interest owners.

21. **Exhibit B.5** is a sample of the well proposal letter that was sent to all working interest owners. The proposal letter identifies the proposed surface hole and bottom hole locations and approximate TVD/MD for the wells.

22. **Exhibit B.6** contains the Authorization for Expenditure for the proposed wells. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

23. Franklin requests overhead and administrative rates of \$9000.00/month for drilling a well and \$900.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. Franklin requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

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

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

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

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

28. **Exhibit B.7** is an affidavit of notice prepared by counsel for Franklin that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs News-Sun newspaper, showing that notice of this hearing was published on June 20, 2023.

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

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

[Signature page follows]

4

Dated: October 30th, 2023



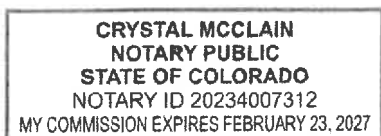
Don Johnson


State of Colorado

County of Denver

This record was acknowledged before me on October 30th, 2023, by Don Johnson

[Stamp]





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

My Commission Expires: 2/23/27

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

APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 23620

APPLICATION

Franklin Mountain Energy 3, LLC (“Franklin”), OGRID Number 331595, through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interests within a 280-acre, more or less, Bone Spring horizontal spacing unit comprising W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico to form a standard 280-acre, more or less, Bone Spring horizontal spacing unit.
3. Franklin plans to drill the **Gold State Com 301H and the Gold State Com 601H wells** to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled, and the producing area for the wells is expected to be orthodox.



4. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the well.

5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. Franklin is requesting a hearing on July 6, 2023 due to rig availability, *i.e.*, a rig has unexpectedly become available and Franklin's goal is to use that rig to drill the Gold State Com wells.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within the W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;

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

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

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

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

Respectfully submitted,

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

By: /s/ Deana M. Bennett
Earl E. DeBrine, Jr.
Deana M. Bennett
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. 23620 : Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 280-acre, more or less, Bone Spring horizontal spacing unit comprising W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Gold State Com 301H and Gold State 601H wells**, to be horizontally drilled. The producing area for the well is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 24 miles west of Hobbs, New Mexico.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 960		3 Pool Name AIRSTRIP; BONESPRING	
4 Property Code		5 Property Name GOLD STATE COM			6 Well Number 301H
7 OGRID No. 331595		8 Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC			9 Elevation 3990.1'

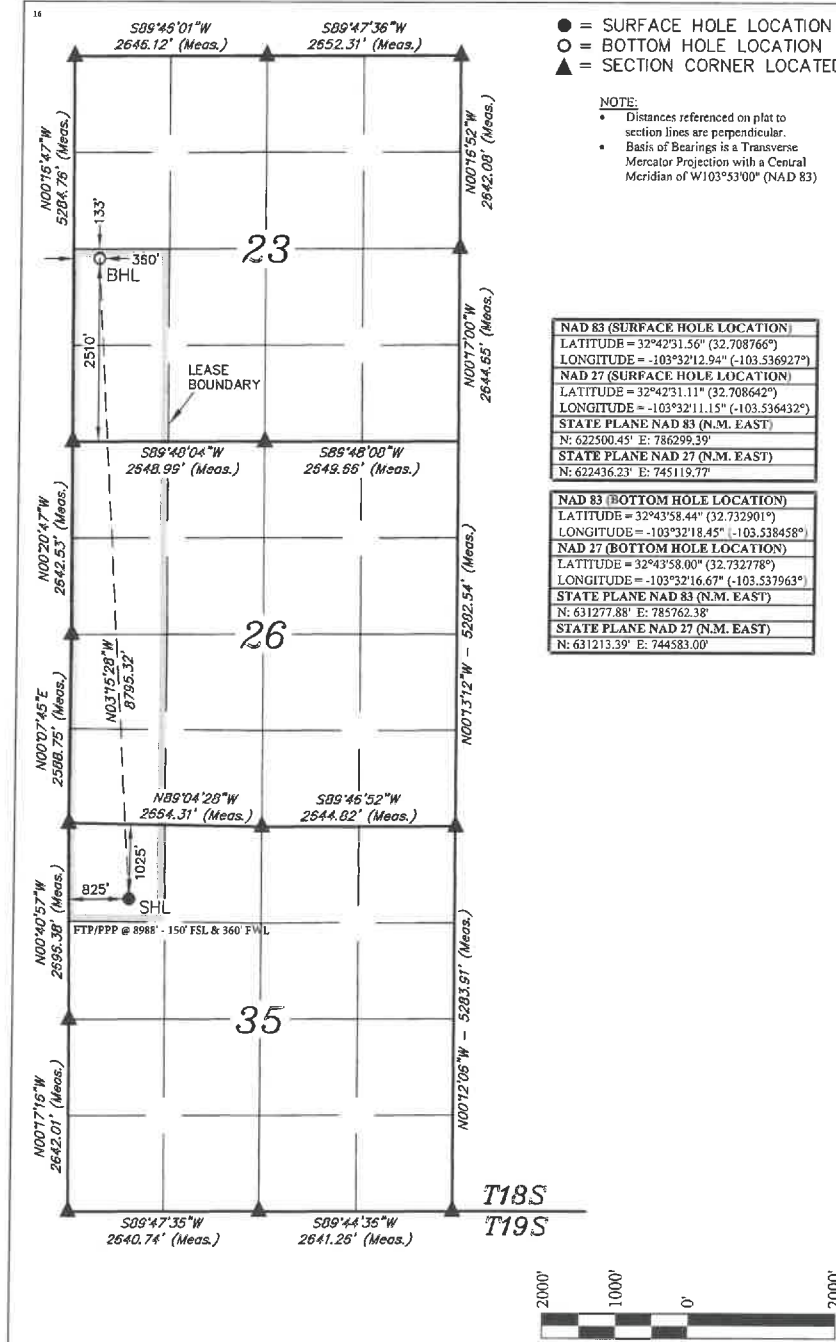
10 Surface Location

UL or lot no. D	Section 35	Township 18S	Range 34E	Lot Idn	Feet from the 1025	North/South line NORTH	Feet from the 825	East/West line WEST	County LEA
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11 Bottom Hole Location If Different From Surface

UL or lot no. L	Section 23	Township 18S	Range 34E	Lot Idn	Feet from the 2510	North/South line SOUTH	Feet from the 360	East/West line WEST	County LEA
12 Dedicated Acres 280		13 Joint or Infill		14 Consolidation Code		15 Order No.			

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



- = SURFACE HOLE LOCATION
 - = BOTTOM HOLE LOCATION
 - ▲ = SECTION CORNER LOCATED
- NOTE:
 • Distances referenced on plat to section lines are perpendicular.
 • Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)
- | NAD 83 (SURFACE HOLE LOCATION) | |
|--------------------------------------|---|
| LATITUDE = 32°42'31.56" (32.708766°) | LONGITUDE = -103°32'12.94" (-103.536927°) |
| NAD 27 (SURFACE HOLE LOCATION) | |
| LATITUDE = 32°42'31.11" (32.708642°) | LONGITUDE = -103°32'11.15" (-103.536432°) |
| STATE PLANE NAD 83 (N.M. EAST) | |
| N: 622500.45' E: 786299.39' | STATE PLANE NAD 27 (N.M. EAST) |
| N: 622436.23' E: 745119.77' | |
- | NAD 83 (BOTTOM HOLE LOCATION) | |
|--------------------------------------|---|
| LATITUDE = 32°43'58.44" (32.732901°) | LONGITUDE = -103°32'18.45" (-103.538458°) |
| NAD 27 (BOTTOM HOLE LOCATION) | |
| LATITUDE = 32°43'58.00" (32.732778°) | LONGITUDE = -103°32'16.67" (-103.537963°) |
| STATE PLANE NAD 83 (N.M. EAST) | |
| N: 631277.88' E: 785762.38' | STATE PLANE NAD 27 (N.M. EAST) |
| N: 631213.59' E: 744583.00' | |

17 OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Rachael Overbey* Date: 5/16/2023
 Printed Name: Rachael Overbey
 E-mail Address: roverbey@fmllc.com

18 SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

April 27, 2023
 Date of Survey
 Signature and Seal of Professional Surveyor:



SCALE
 DRAWN BY: L.M.W. 05-02-23
 OCD Examiner Hearing 11-2-23

EXHIBIT
 B-2
 tabbles

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

AMENDED REPORT

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1 API Number		2 Pool Code 960		3 Pool Name AIRSTRIP; BONESPRING	
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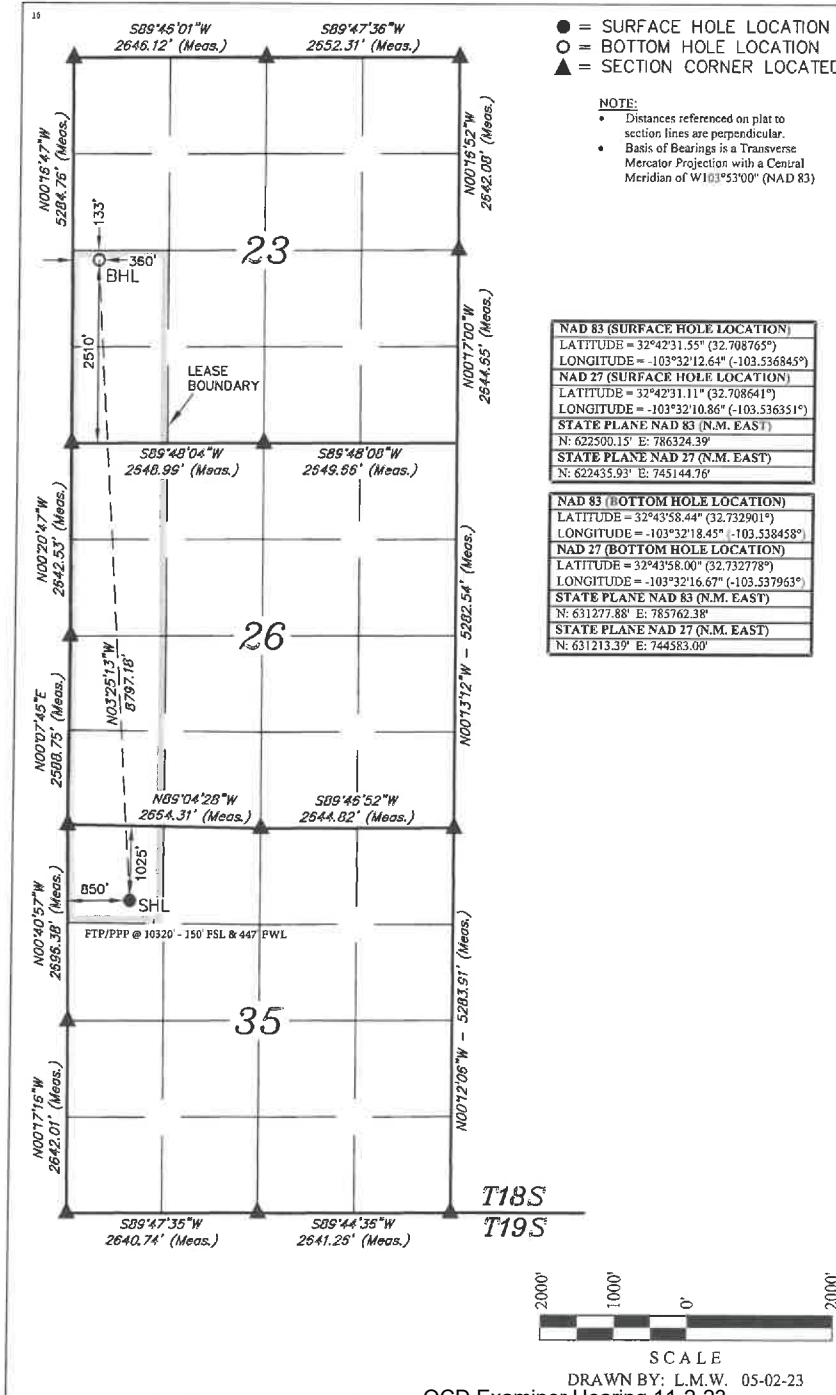
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



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N: 631277.88' E: 785762.38'	STATE PLANE NAD 27 (N.M. EAST)
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11 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order effective as approved by the division.

Signature: *Rachael Overbey* Date: 5/16/2023
Printed Name: Rachael Overbey
E-mail Address: roverbey@fmellc.com

12 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: April 27, 2023
Signature and Seal of Professional Surveyor:

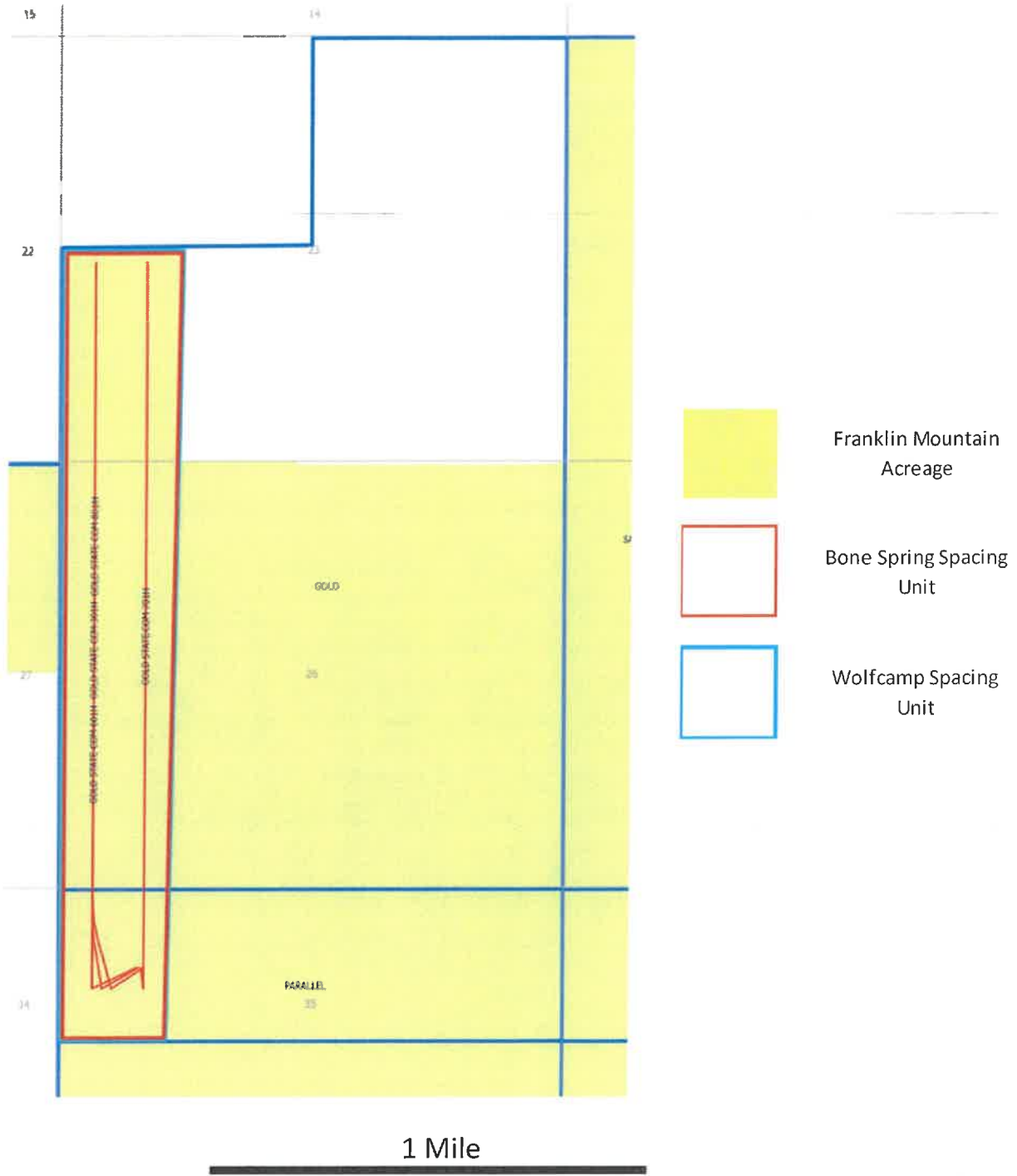


Certificate Number:

SCALE
DRAWN BY: L.M.W. 05-02-23
OCD Examiner Hearing 11-2-23

Development Overview

Case Nos. 23619, 23620






-  Franklin Mountain Acreage
-  Bone Spring Spacing Unit
-  Wolfcamp Spacing Unit



EXHIBIT
B-3

Lease Tract Map

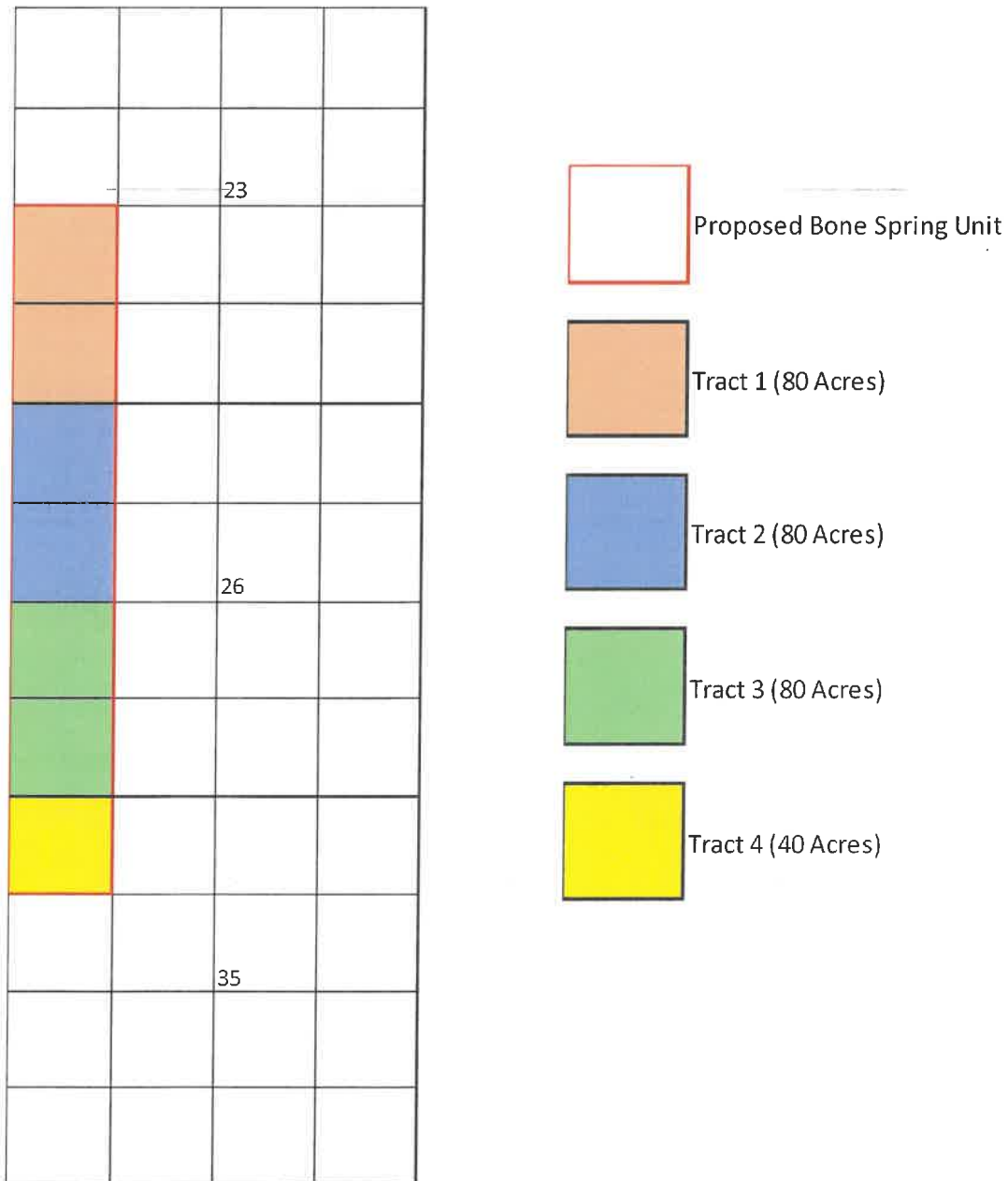
Case No. 23620

W2SW of Section 23, W2W2 of Section 26 & NWNW of

Section 35-T18S-R34E, 280 Acres

Gold State Com 301H

Gold State Com 601H



Summary of Interests

Case No. 23620
W2SW of Section 23, W2W2 of Section 26 & NWNW of
Section 35-T18S-R34E, 280 Acres
Gold State Com 301H
Gold State Com 601H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	50.3571428%
TH McElvain	1.0714286%
Uncommitted Working Interest	
EG3 Development	1.7857143%
Allar Development	5.3571429%
COG Operating	41.4285714%
Total:	100.0000000%



Unit Recapitulation

Case No. 23620
W2SW of Section 23, W2W2 of Section 26 & NWNW of
Section 35-T18S-R34E, 280 Acres
Gold State Com 301H
Gold State Com 601H

		23	
		26	
		35	

Committed Working Interest	
Franklin Mountain Energy 3, LLC	50.3571428%
TH McElvain	1.0714286%
Uncommitted Working Interest	
EG3 Development	1.7857143%
Allar Development	5.3571429%
COG Operating	41.4285714%
Total:	100.0000000%

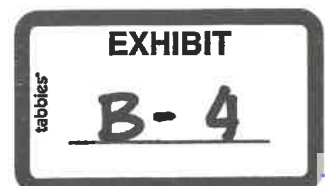
Tract	Lease
1	E0-5014
2	VB-1406
3	L0-3674
4	VB-1199



Summary of Contacts (Gold Units)

- Franklin retained a broker who conducted extensive title work to determine the working interest owners and other interest owners.
- Franklin searched public records, phone directory, and various different types of internet searches.
- Franklin sent well proposal letters to the working interest owners on or around May 18, 2023.
- Franklin proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letters.
- Franklin had multiple communications with the uncommitted working interest owners, which I have outlined in the chart below.
- In those communications, Franklin notified the uncommitted working interest owners that it was seeking a July 6, 2023 hearing due to rig availability. No one informed me of any concerns with the July 6, 2023 hearing date.
- Franklin filed the application to force pool uncommitted working interest owners who had not entered in to an agreement.
- Franklin’s counsel sent notices of the force pooling applications to the addresses of record for the uncommitted working interest owners and also for overriding royalty interest owners.
- Franklin also published notice in a newspaper of general circulation in the county where the wells will be located.

Name	Ownership Type	Date Proposal Letter Sent	Proposal Letter Received	Follow Up
ALLAR DEVELOPMENT, LLC	WIO	5/18/2023	5/22/2023	Email correspondence, forwarded JOA on 9/21/23
COG OPERATING, LLC	WIO	5/18/2023	5/22/2023	Exchanged emails on 6/5/23 and 6/14/2023 requesting information about well interest and timing. Sent JOA on 10/23/2023
EG3 DEVELOPMENT, LLC	WIO	5/18/2023	5/22/2023	Email correspondence, forwarded JOA on 9/21/23
MARATHON OIL PERMIAN, LLC	WIO	5/18/2023	5/22/2023	Exchanged emails on 6/5/23 about well interest and timing. Term Assignment closed 9/20/2023
T.H. MCELVAIN OIL & GAS, LLLP	WIO	5/18/2023	5/31/2023	Exchanged email correspondence, received election and JOA on 9/12/2023





Sent via USPS: 9405 5036 9930 0546 9779 40

May 18, 2023

COG Operating, LLC
 600 West Illinois Ave
 Midland, TX 76450
 Attn: Land Dept, Permian Basin

RE: **Well Proposals**
 Township 18 South, Range 34 East:
 Section 23: S2, Section 26: W2W2, & Section 35: NWNW
 Lea County, New Mexico
 280.00 acres, more or less

Dear Working Interest Owner:

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

Well Name	Target Formation	Total Vertical Depth	Measured Depth	SHL	BHL	Total AFE	Order
Gold State Com 301H	1st Bone Spring	9,150'	18,150'	Sec. 35-T18S-R34E: 1025' FNL, 825' FWL	Sec. 23-T18S-R34E: 2510' FSL, 360' FWL	\$11,355,549.08	N/A
Gold State Com 601H	3rd Bone Spring	10,496'	19,496'	Sec. 35-T18S-R34E: 1025' FNL, 850' FWL	Sec. 23-T18S-R34E: 2510' FSL, 360' FWL	\$11,650,592.43	N/A
Gold State Com 701H	Wolfcamp A	10,999'	19,999'	Sec. 35-T18S-R34E: 1025' FNL, 875' FWL	Sec. 23-T18S-R34E: 2510' FSL, 900' FWL	\$11,650,592.43	N/A
Gold State Com 801H	Wolfcamp B	11,742'	20,742'	Sec. 35-T18S-R34E: 1025' FNL, 900' FWL	Sec. 23-T18S-R34E: 2510' FSL, 360' FWL	\$11,783,083.07	N/A

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





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

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

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

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

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

Please return your signed documents to Don Johnson at djohnson@fmellc.com or to the address provided below at your earliest convenience.

FME3 looks forward to working with you or your company on this proposed development and encourages you to call with any questions pertaining to these plans. However, please be advised that, in the near term, FME3 will file an application for compulsory pooling to pool any uncommitted owners.

Should you have any questions, please do not hesitate to contact the undersigned at (720) 414-7863.

Respectfully,

Franklin Mountain Energy 3, LLC

A handwritten signature in blue ink, appearing to read "D. Johnson", with a long horizontal flourish extending to the right.

Don Johnson
Sr. Land Analyst



Gold State Com 301H:

_____ I/We hereby elect to participate in the **Gold State Com 301H** well.
 _____ I/We hereby elect **NOT** to participate in the **Gold State Com 301H** well.

Gold State Com 601H:

_____ I/We hereby elect to participate in the **Gold State Com 601H** well.
 _____ I/We hereby elect **NOT** to participate in the **Gold State Com 601H** well.

Gold State Com 701H:

_____ I/We hereby elect to participate in the **Gold State Com 701H** well.
 _____ I/We hereby elect **NOT** to participate in the **Gold State Com 701H** well.

Gold State Com 801H:

_____ I/We hereby elect to participate in the **Gold State Com 801H** well.
 _____ I/We hereby elect **NOT** to participate in the **Gold State Com 801H** well.

Owner: COG Operating, LLC

By: _____

Printed Name: _____

Title: _____

Date: _____



June 2, 2023

COG Operating, LLC
600 West Illinois Ave
Midland, TX 76450

RE: Well Proposals
Township 18 South, Range 34 East:
Sections 23: W2SW, Section 26: W2W2, & Section 35: NWNW
Lea County, New Mexico
280.00 acres, more or less

Dear Working Interest Owner

Franklin Mountain Energy 3, LLC ("FME3") mailed out well proposals on May 18th for the Gold State Com 301H, Gold State Com 601H, Gold State Com 701H, and Gold State Com 801H. The proposal letter sent for the Gold State Com wells contained a minor typo: The correct tract for Section 23 is the W2SW. Based on the description of the unit in the proposal letter, it is clear that FME3 intended to include the W2SW of Section 23 and not the S2 of Section 23. We are sending this letter to clarify any ambiguity. There are no other changes to this letter.

Should you have any questions, please contact Don Johnson at (720) 414-7868 or djohnson@fmellc.com.

Respectfully,

Franklin Mountain Energy, LLC

A handwritten signature in blue ink, appearing to read "D. Johnson", with a long horizontal line extending to the right.

Don Johnson
Sr. Land Analyst



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

Well Name: Gold State Com 301H
Location: SHL: Sec 35-T18S-R34E 1025 FNL 825 FWL
BHL: Sec 23-T18S-R34E 2510 FSL 360 FWL
Operator: Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 9,000' 1BS well.
TVD 9,150', MD 18,150'.
Well #: 301H
County/State: Lea Co., NM
Date Prepared: 4/28/2023
AFE #: DCE230401

Table with 4 columns: Major, Minor, Description, Amount. Title: Intangible Drilling Costs. Rows include ADMINISTRATIVE OVERHEAD, CASING CREW & EQPT, CEMENTING INTERMEDIATE CASING, etc.

Table with 4 columns: Major, Minor, Description, Amount. Title: Intangible Completion Costs. Rows include ADMINISTRATIVE OVERHEAD, CASED HOLE LOGS & SURVEYS, CASING CREW & EQPT, etc.

Table with 4 columns: Major, Minor, Description, Amount. Title: Tangible Drilling Costs. Rows include INTERMEDIATE CASING & ATTACHMENTS, PACKERS/SLEEVES/PLUGS, PRODUCTION CASING & ATTACHMENTS, etc.

Table with 4 columns: Major, Minor, Description, Amount. Title: Tangible Completion Costs. Rows include ARTIFICIAL LIFT, FLOWLINES, FRAC STRING, PACKERS/SLEEVES/PLUGS/GL MANDRELS, etc.

Table with 4 columns: Major, Minor, Description, Amount. Title: Tangible Facility Costs. Rows include FACILITY PIPE/VALVES/FITTINGS, CONTAINMENT, DEHYDRATION, PRIMARY POWER MATERIALS, etc.

Table with 4 columns: Major, Minor, Description, Amount. Title: Intangible Facility Costs. Rows include CONSULTING, COMPANY DIRECT LABOR, DAMAGES/ROW/PERMITS, etc.

Office Use Only: [Large empty box for office use]

Summary table with 2 columns: Description, Amount. Rows include Total Drill, Total Completion, Total Facility, Total DC Intangible, Total DC Tangible, Total AFE.

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

Operator: Franklin Mountain Energy 3, LLC
Approved By: Craig Walters, Chief Executive Officer
Date: 4/28/2023
WI Owner:
Approved By:
Printed Name:
Date:
Title:

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





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

FRANKLIN MOUNTAIN ENERGY AUTHORITY FOR EXPENDITURE

Well Name: Gold State Com 601H
Location: SHL: Sec 35-T18S-R34E 1025 FNL 850 FWL
BHL: Sec 23-T18S-R34E 2510 FSL 360 FWL
Operator: Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 9,000' 3BS well.
TVD 10,496', MD 19,496'.

Well #: 601H
County/State: Lea Co., NM
Date Prepared: 4/28/2023
AFE #: DCE230402

Table with 4 columns: Major, Minor, Description, Amount. Section: Intangible Drilling Costs. Rows include ADMINISTRATIVE OVERHEAD, CASING CREW & EQPT, CEMENTING INTERMEDIATE CASING, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Intangible Completion Costs. Rows include ADMINISTRATIVE OVERHEAD, CASED HOLE LOGS & SURVEYS, CASING CREW & EQPT, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Tangible Drilling Costs. Rows include INTERMEDIATE CASING & ATTACHMENTS, PACKERS/SLEEVES/PLUGS, PRODUCTION CASING & ATTACHMENTS, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Tangible Completion Costs. Rows include ARTIFICIAL LIFT, FLOWLINES, FRAC STRING, PACKERS/SLEEVES/PLUGS/GL MANDRELS, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Tangible Facility Costs. Rows include FACILITY PIPE/VALVES/FITTINGS, CONTAINMENT, DEHYDRATION, PRIMARY POWER MATERIALS, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Intangible Facility Costs. Rows include CONSULTING, COMPANY DIRECT LABOR, DAMAGES/ROW/PERMITS, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Office Use Only. (Empty table)

Summary table with 2 columns: Description, Amount. Rows: Total Drill, Total Completion, Total Facility, Total DC Intangible, Total DC Tangible.

Total AFE: \$11,650,592.43

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

Operator: Franklin Mountain Energy 3, LLC
Approved By: [Signature]
Chief Executive Officer

Date: 4/28/2023

WI Owner:
Approved By:
Printed Name:

Date:
Title:

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

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

APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 23619

APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 23620

SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT

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

- 1) The above-referenced Applications were provided under notice letter, dated June 15, 2023, and attached hereto, as Exhibit A.
- 2) Exhibit B is the mailing list, which show the notice letters were delivered to the USPS for mailing on June 15, 2023.
- 3) Exhibit C is the certified mailing tracking information, which is automatically complied by CertifiedPro, the software Modrall uses to track the mailings. This shows the names and addresses of the parties to whom notice was sent and proof of delivery.
- 4) Exhibit D is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the July 6, 2023 hearing was published on June 20, 2023.
- 5) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: June 30, 2023


Deana M. Bennett





MODRALL SPERLING
LAWYERS

June 15, 2023

Deana M. Bennett
505.848.1834
dmb@modrall.com

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

**Re: APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC
FOR COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO**

CASE NO. 23619

**APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC
FOR COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO**

CASE NO. 23620

TO: AFFECTED PARTIES

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

In Case No. 23619, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 280-acre, more or less, Wolfcamp horizontal spacing unit comprising W/2SW of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Gold State Com 701H and Gold State 801H wells**, to be horizontally drilled. The producing area for the well is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

In Case No. 23620, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 280-acre, more or less, Bone Spring horizontal spacing unit comprising W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Gold State Com 301H and Gold State 601H wells**, to

Modrall Spierling
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

be horizontally drilled. The producing area for the well is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 24 miles west of Hobbs, New Mexico.

The hearing will be conducted remotely on July 6, 2023 beginning at 8:15 a.m. To participate in the electronic hearing, see the posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>. This hearing is subject to continuance by the Division to a subsequent docket date.

As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in these 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 these 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 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 23619

APPLICATION

Franklin Mountain Energy 3, LLC (“Franklin”), OGRID Number 331595, through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interests within a 280-acre, more or less, Wolfcamp horizontal spacing unit comprising W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico to form a standard 280-acre, more or less, Wolfcamp horizontal spacing unit.
3. Franklin plans to drill the **Gold State Com 701H** and the **Gold State Com 801H** wells to a depth sufficient to test the Wolfcamp formation. The wells will be horizontally drilled, and the producing area for the wells is expected to be orthodox.

4. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the well.

5. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. Franklin is requesting a hearing on July 6, 2023 due to rig availability, *i.e.*, a rig has unexpectedly become available and Franklin's goal is to use that rig to drill the Gold State Com wells.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit within the W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;

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

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

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

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

Respectfully submitted,

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

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.

Deana M. Bennett

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

CASE NO. 23619 : Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 280-acre, more or less, Wolfcamp horizontal spacing unit comprising W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Gold State Com 701H and Gold State 801H wells**, to be horizontally drilled. The producing area for the well is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

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

APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 23620

APPLICATION

Franklin Mountain Energy 3, LLC ("Franklin"), OGRID Number 331595, through its undersigned attorneys, hereby files this application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interests within a 280-acre, more or less, Bone Spring horizontal spacing unit comprising W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico to form a standard 280-acre, more or less, Bone Spring horizontal spacing unit.
3. Franklin plans to drill the **Gold State Com 301H and the Gold State Com 601H wells** to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled, and the producing area for the wells is expected to be orthodox.

4. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the well.

5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. Franklin is requesting a hearing on July 6, 2023 due to rig availability, *i.e.*, a rig has unexpectedly become available and Franklin's goal is to use that rig to drill the Gold State Com wells.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within the W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;

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

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

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

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

Respectfully submitted,

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

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.

Deana M. Bennett

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

CASE NO. 23620 : Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 280-acre, more or less, Bone Spring horizontal spacing unit comprising W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Gold State Com 301H and Gold State 601H wells**, to be horizontally drilled. The producing area for the well is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 24 miles west of Hobbs, New Mexico.

Released to Imaging: 11/1/2023 7:57:31 AM

37
Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
06/15/2023

Firm Mailing Book ID: 247704

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0109 0395 92	ALLAR DEVELOPMENT, LLC PO BOX 1567 GRAHAM TX 76450	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
2	9314 8699 0430 0109 0396 08	COG OPERATING, LLC 600 WEST ILLINOIS AVENUE MIDLAND TX 79701	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
3	9314 8699 0430 0109 0396 15	COLLINS AND JONES INVESTMENTS, LLC 508 WEST WALL STREET SUITE 1200 MIDLAND TX 79701	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
4	9314 8699 0430 0109 0396 22	CROWN PARTNERS II, LLC PO BOX 50820 MIDLAND TX 79710	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
5	9314 8699 0430 0109 0396 39	DAVID CROMWELL PO BOX 500820 MIDLAND TX 79710	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
6	9314 8699 0430 0109 0396 46	EG3 DEVELOPMENT, LLC PO BOX 1567 GRAHAM TX 76450	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
7	9314 8699 0430 0109 0396 53	EG3, INC. PO BOX 1567 GRAHAM TX 76450	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
8	9314 8699 0430 0109 0396 60	GMT NEW MEXICO ROYALTY COMPANY, LLC 1560 BROADWAY SUITE 2000 DENVER CO 80202	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
9	9314 8699 0430 0109 0396 77	GOOD NEWS MINERALS, LLC PO BOX 50820 MIDLAND TX 79710	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
10	9314 8699 0430 0109 0396 84	H. JASON WACKER 5601 HILLCREST MIDLAND TX 79707	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
11	9314 8699 0430 0109 0396 91	JOHN LAWRENCE THOMA, TRUSTEE OF THE Cornerstone Family Trust 10864 MCKISSICK ROAD PEYTON CO 80813	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
12	9314 8699 0430 0109 0397 07	MARATHON OIL PERMIAN, LLC 990 TOWN AND COUNTRY BOULEVARD HOUSTON TX 77024	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
13	9314 8699 0430 0109 0397 14	MCT ENERGY, LTD. 262 CARROLL STREET SUITE 100 FORT WORTH TX 76107	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
14	9314 8699 0430 0109 0397 21	OAK VALLEY MINERAL AND LAND, LP 4000 NORTH BIG SPRING SUITE 310 MIDLAND TX 79705	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice



OCD Examiner Hearing 11-2-23
No. 23620



Received by OCD: 10/31/2023 5:01:34 PM

Page 39 of 60
Page 1 of 1
CertifiedPro.net

Released to Imaging: 11/1/2023 7:57:31 AM


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

PS Form 3877

Type of Mailing: CERTIFIED MAIL
06/15/2023

Firm Mailing Book ID: 247704

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
15	9314 8699 0430 0109 0397 38	PENROC OIL CORPORATION PO BOX 2769 HOBBS NM 88241	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
16	9314 8699 0430 0109 0397 45	POST OAK CROWN IV, LLC 34 SOUTH WYNDEN DRIVE SUITE 210 HOUSTON TX 77056	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
17	9314 8699 0430 0109 0397 52	POST OAK MAVROS II, LLC 34 SOUTH WYNDEN DRIVE SUITE 210 HOUSTON TX 77056	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
18	9314 8699 0430 0109 0397 69	SORTIDA RESOURCES, LLC PO BOX 50820 MIDLAND TX 79710	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
19	9314 8699 0430 0109 0397 76	STATE OF NEW MEXICO, BY AND THROUGH ITS Commissioner of Public Lands 310 Old Santa Fe Trail SANTA FE NM 87504	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
20	9314 8699 0430 0109 0397 83	T.H. MCELVAIN OIL & GAS, LLLP 1819 DENVER WEST DR STE 260 LAKEWOOD CO 80401	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
Totals:			\$30.00	\$83.00	\$42.00	\$0.00	
Grand Total:						\$155.00	

List Number of Pieces Listed by Sender: 20
 Total Number of Pieces Received at Post Office: 20
 Postmaster: Name of receiving employee: *Ady*
 Dated: 

Received by OCD: 10/31/2023 5:01:34 PM

Page 40 of 60

Released to Imaging: 11/1/2023 7:57:31 AM

39
Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
100 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
06/15/2023

Firm Mailing Book ID: 247707

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0109 0397 90	THE ALLAR COMPANY PO BOX 1567 GRAHAM TX 76450	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001gold Notice
Totals:			\$1.50	\$4.15	\$2.10	\$0.00	
				Grand Total:		\$7.75	

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated
1	①	<i>Ashley</i>	



Received by OCD: 10/31/2023 5:01:34 PM

Transaction Report Details - CertifiedPro.net
Firm Mail Book ID= 247704
Generated: 6/29/2023 1:44:03 PM

USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300109039783	2023-06-15 7:53 AM	10154.0001gold	T.H. MCELVAIN OIL & GAS, LLLP		LAKEWOOD	CO	80401	Delivered	Return Receipt - Electronic, Certified Mail	2023-06-20 12:28 PM
9314869904300109039776	2023-06-15 7:53 AM	10154.0001gold	STATE OF NEW MEXICO, BY AND THROUGH ITS	Commissioner of Public Lands	SANTA FE	NM	87504	Delivered	Return Receipt - Electronic, Certified Mail	
9314869904300109039769	2023-06-15 7:53 AM	10154.0001gold	SORTIDA RESOURCES, LLC		MIDLAND	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	2023-06-21 10:28 AM
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9314869904300109039745	2023-06-15 7:53 AM	10154.0001gold	POST OAK CROWN IV, LLC		HOUSTON	TX	77056	Mailed	Return Receipt - Electronic, Certified Mail	
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June 21, 2023

Dear Covius Document Services:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0109 0397 90.**

Item Details

Status: Delivered, Individual Picked Up at Post Office
Status Date / Time: June 20, 2023, 10:21 a.m.
Location: GRAHAM, TX 76450
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: THE ALLAR COMPANY

Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: PO BOX 1567
City, State ZIP Code: GRAHAM, TX 76450-7567

Recipient Signature

Signature of Recipient:	<i>Melanie Barrett</i> Melanie Barrett
Address of Recipient:	1567

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,
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 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

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

Reference Number: 10154.0001gold

OCD Examiner Hearing 11-2-23

No. 23620

41

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

Beginning with the issue dated
June 20, 2023
and ending with the issue dated
June 20, 2023.



Publisher

Sworn and subscribed to before me this
20th day of June 2023.



Business Manager

My commission expires
January 29, 2027

(Seal) STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

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

LEGAL NOTICE June 20, 2023

CASE NO. 23619: Notice to all affected parties, as well as heirs and devisees of: Allar Development, LLC; COG Operating, LLC; Collins and Jones Investments, LLC; Crown Partners II, LLC; David Cromwell; EG3 Development, LLC; EG3, Inc.; GMT New Mexico Royalty Company, LLC; Good News Minerals, LLC; H. Jason Wacker; John Lawrence Thomas, Trustee of the Cornerstone Family Trust; Marathon Oil Permian, LLC; MCT Energy, LTD.; Oak Valley Mineral and Land, LP; Penroc Oil Corporation; Post Oak Crown IV, LLC; Post Oak Mavros II, LLC; Sortida Resources, LLC; State of New Mexico, by and through its Commissioner of Public Lands; T.H. McElvain Oil & Gas, LLP; The Allar Company of Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on July 6, 2023 to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oed/hearing-info/>. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 280-acre, more or less, Wolfcamp horizontal spacing unit comprising W/2SW of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the Gold State Com 701H and Gold State 801H wells, to be horizontally drilled. The producing area for the well is expected to be orthodox; Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

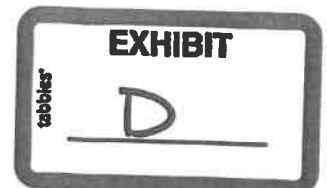
CASE NO. 23620: Notice to all affected parties, as well as heirs and devisees of: Allar Development, LLC; COG Operating, LLC; Collins and Jones Investments, LLC; Crown Partners II, LLC; David Cromwell; EG3 Development, LLC; EG3, Inc.; GMT New Mexico Royalty Company, LLC; Good News Minerals, LLC; H. Jason Wacker; John Lawrence Thomas, Trustee of the Cornerstone Family Trust; Marathon Oil Permian, LLC; MCT Energy, LTD.; Oak Valley Mineral and Land, LP; Penroc Oil Corporation; Post Oak Crown IV, LLC; Post Oak Mavros II, LLC; Sortida Resources, LLC; State of New Mexico, by and through its Commissioner of Public Lands; T.H. McElvain Oil & Gas, LLP; The Allar Company of Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on July 6, 2023 to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oed/hearing-info/>. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 280-acre, more or less, Bone Spring horizontal spacing unit comprising W2 SW/4 of Section 23, W/2W/2 of Section 26, and the NW/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the Gold State Com 301H and Gold State 601H wells, to be horizontally drilled.

The producing area for the well is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said well. Said area is located approximately 24 miles west of Hobbs, New Mexico.
#00279762

01104570

00279762

DOLORES SERNA
MODRALL, SPERLING, ROEHL, HARRIS &
P. O. BOX 2168
ALBUQUERQUE, NM 87103-2168



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

APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 23620

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

AFFIDAVIT OF BEN KESSEL

Ben Kessel, being duly sworn, deposes and states as follows:

1. I am over the age of 18, I am a geologist for Franklin Mountain Energy 3, LLC (“Franklin”), and have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert petroleum geologist were accepted by the Division as a matter of record.

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

3. I am familiar with the application filed by Franklin in this case.

4. **Exhibit C.1** is a locator map showing the approximate location of the proposed unit in relation to the Capitan Reef.

5. **Exhibit C.2** is a wellbore schematic showing Franklin’s development plan.

6. **Exhibit C.3** through **Exhibit C.6** are the geology study I prepared for the **Gold State Com 301H well**, which will target the First Bone Spring.



7. **Exhibit C.3** is a structure map of the First Bone Spring formation. The proposed spacing unit is identified by a purple box. The Gold State Com 301H well proposed in this case is identified by the black-dashed line. The contour interval used in this exhibit is 25 feet. This exhibit shows that the structure dips gently to the south.

8. **Exhibit C.4** is a cross-section reference map that identifies five wells in the vicinity of the proposed Gold State Com 301H well, shown by a line of cross-section running from A to A'.

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

10. In my opinion, the gross interval thickness for the First Bone Spring formation increases slightly to the south.

11. **Exhibit C.6** is an Isopach map of the First Bone Spring formation. The gross interval thickness increases slightly to the south.

12. **Exhibit C.7** through **Exhibit C.11** are the geology study I prepared for the **Gold State Com 601H** well, which will target the Third Bone Spring formation.

13. **Exhibit C.7** is a structure map of the Third Bone Spring formation. The proposed spacing unit is identified by a purple box. The Gold State Com 601H well proposed in this case is identified by the black-dashed line. The contour interval used in this exhibit is 25 feet. This exhibit shows that the structure dips gently to the south.

14. **Exhibit C.8** is a cross-section reference map that identifies five wells in the vicinity of the proposed Gold State Com 601H well, shown by a line of cross-section running from A to A'.

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

16. In my opinion, the gross interval thickness for the Third Bone Spring formation increases slightly to the southeast.

17. **Exhibit C.10** is an Isopach map of the Third Bone Spring formation. The gross interval thickness increases to the southeast.

18. I conclude from the geology studies referenced above that:

- a. The horizontal spacing unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the proposed unit will contribute more or less equally to production.

19. **Exhibit C.11** provides an overview of the stress orientation in the area based on the 2020 Snee-Zoback paper.

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

21. In my opinion, the granting of Franklin's application is in the interests of conservation and the prevention of waste.

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

[Signature page follows]

Dated: October 30th, 2023

[Signature]
Ben Kessel

State of Colorado

County of Denver

This record was acknowledged before me on October 30th, 2023 by Ben Kessel.

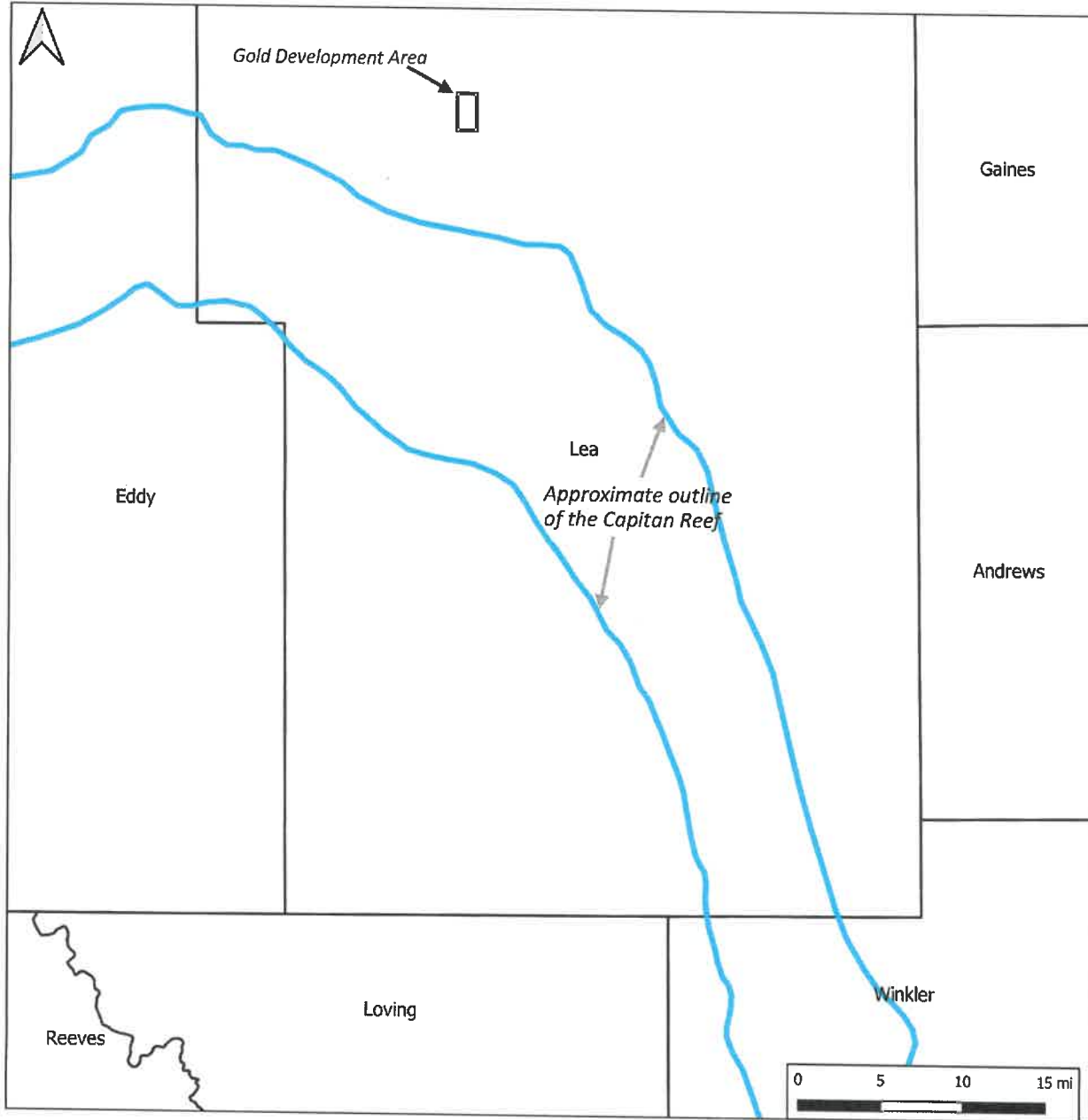
[Stamp] 

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

My Commission Expires: 1/3/2024

Gold Development

Locator Map

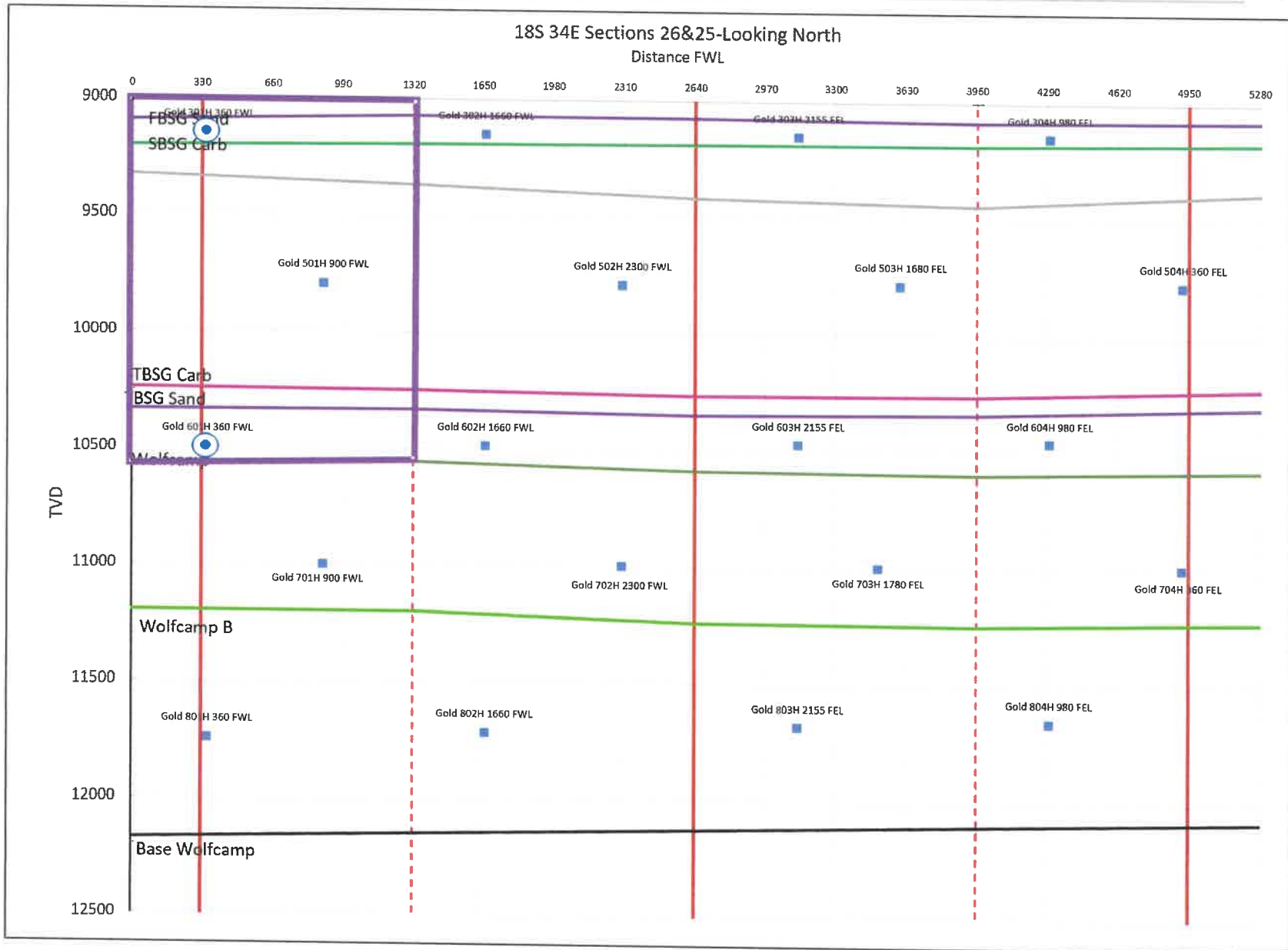


- Black box shows the location of the Gold development area
- Planned wells are located outside of the eastern edge of the Capitan Reef

https://www.twdb.texas.gov/publications/reports/contracted_reports/doc/0804830794CapitanReef/Final%20Revised%20Capitan%20PDF%20w_Seals.pdf



49
Wellbore Schematic



Proposed Laterals



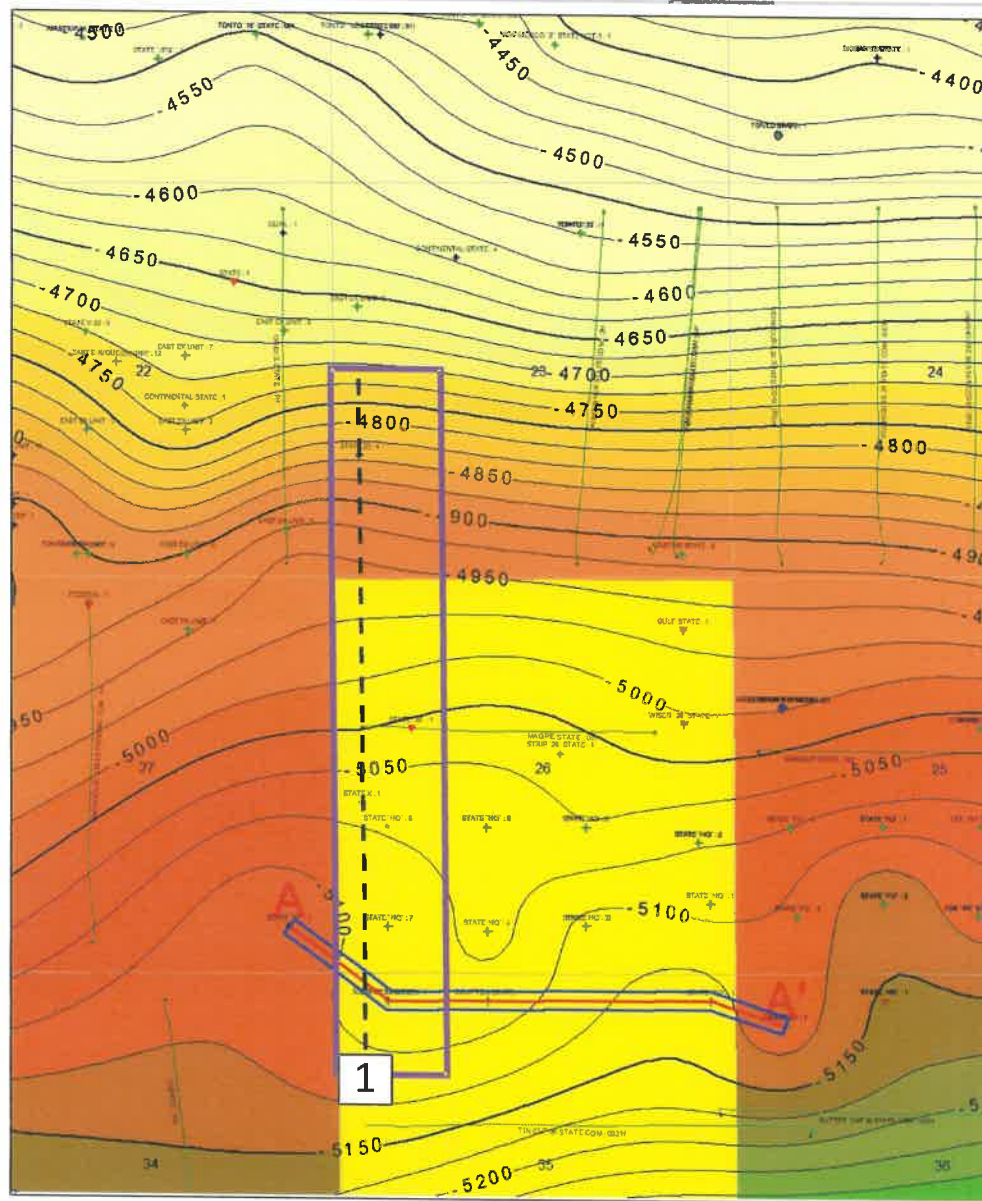
Bone Spring Spacing Unit

tabbles®

EXHIBIT
C-2

Page 51 of 60

FBSG⁵⁰ Structure



- Franklin Mountain Acreage
- Bone Spring Spacing Unit
- Proposed Horizontal Location

1 Gold State Com 301H

All wells shown

1 mile

tabbles




EXHIBIT

C-3

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Cross⁵¹ Section Reference Map



-  Franklin Mountain Acreage
-  Bone Spring Spacing Unit
-  Proposed Horizontal Location

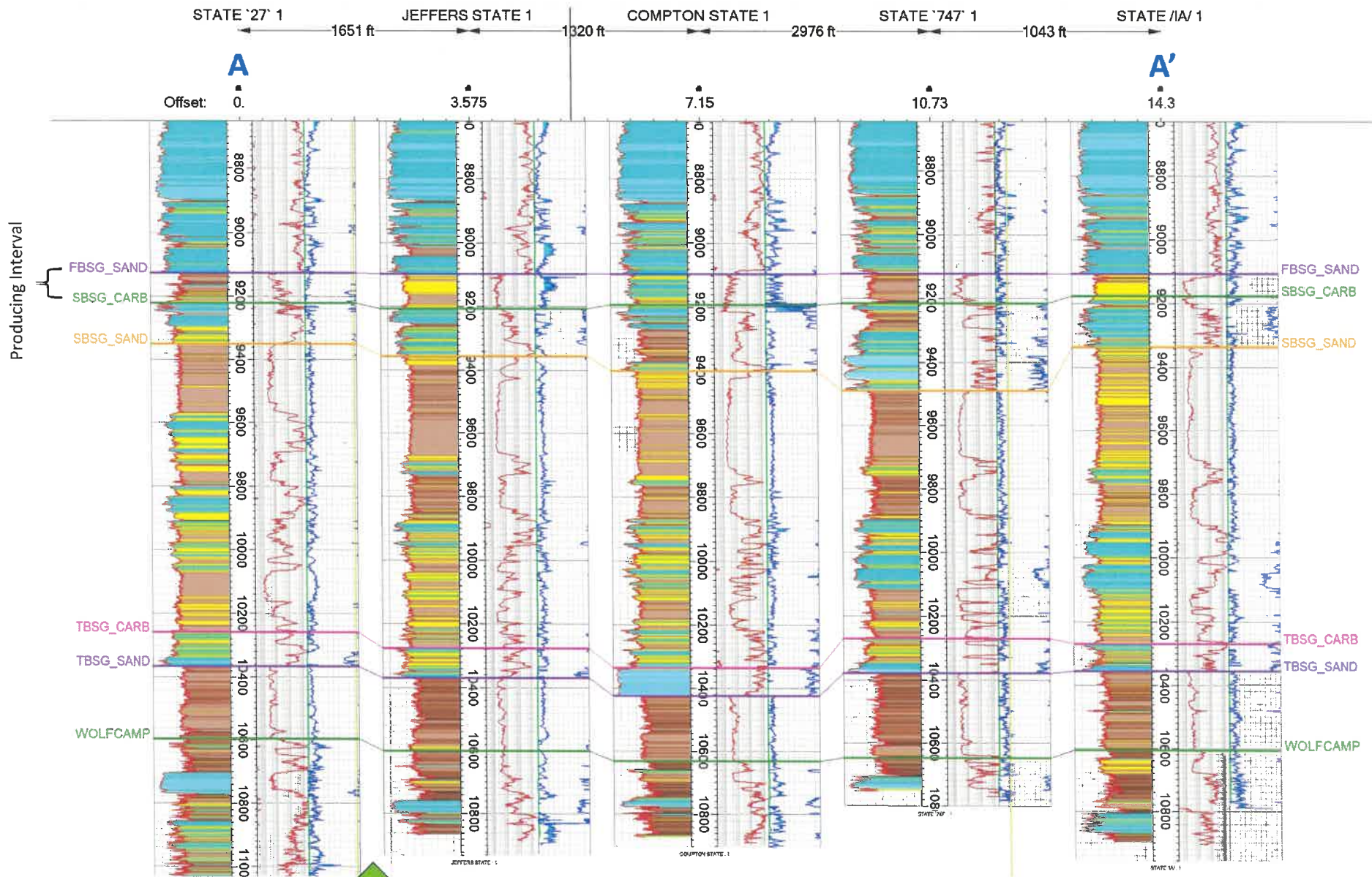
1 Gold State Com 301H & 601H

All wells shown

1 mile



Bone Spring Cross Section

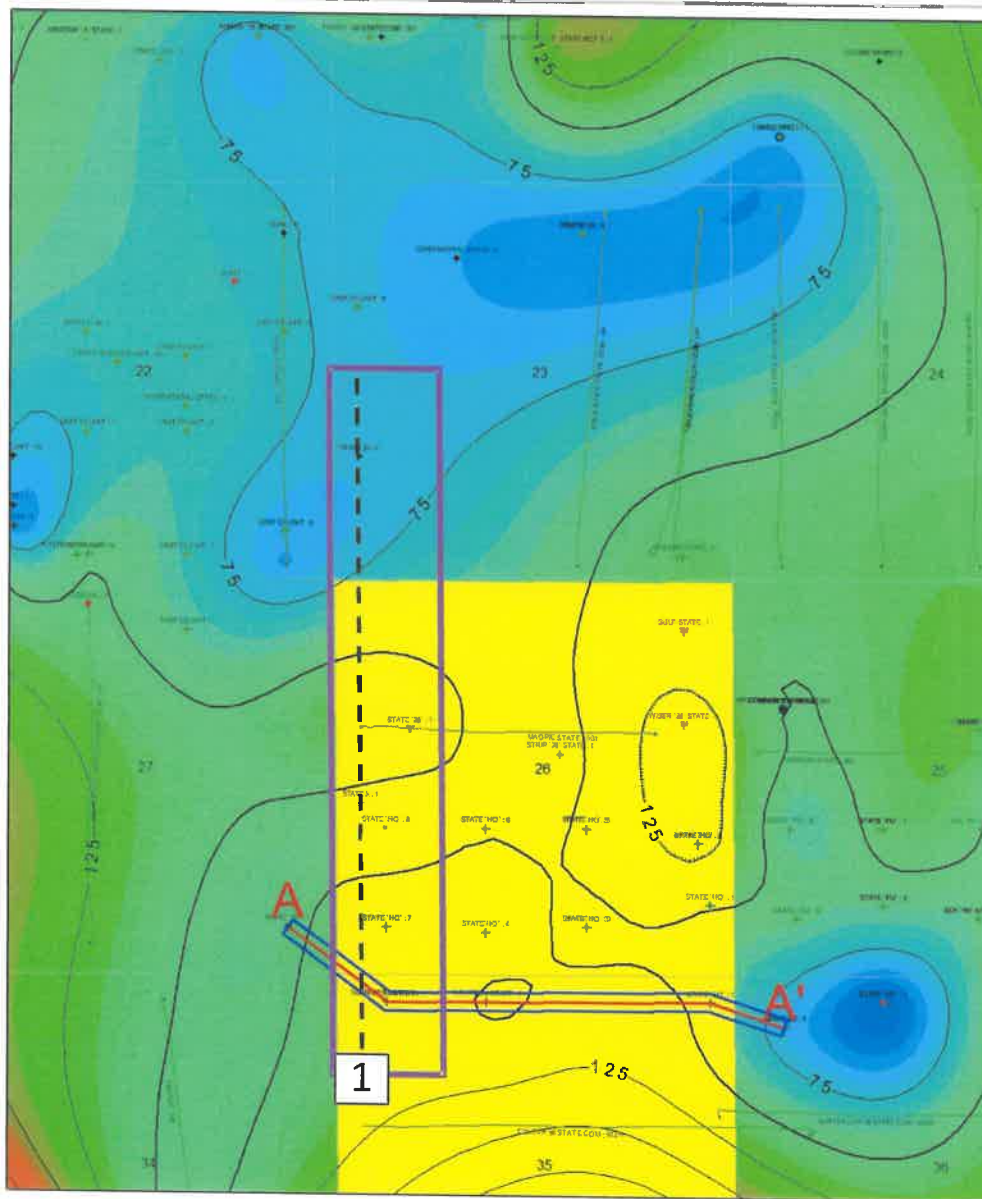


301H

EXHIBIT
C-5
tabbles

Page 54 of 60

FBSG⁵³ Isopach



- Franklin Mountain Acreage
- Bone Spring Spacing Unit
- Proposed Horizontal Location

1 Gold State Com 301H

All wells shown

1 mile

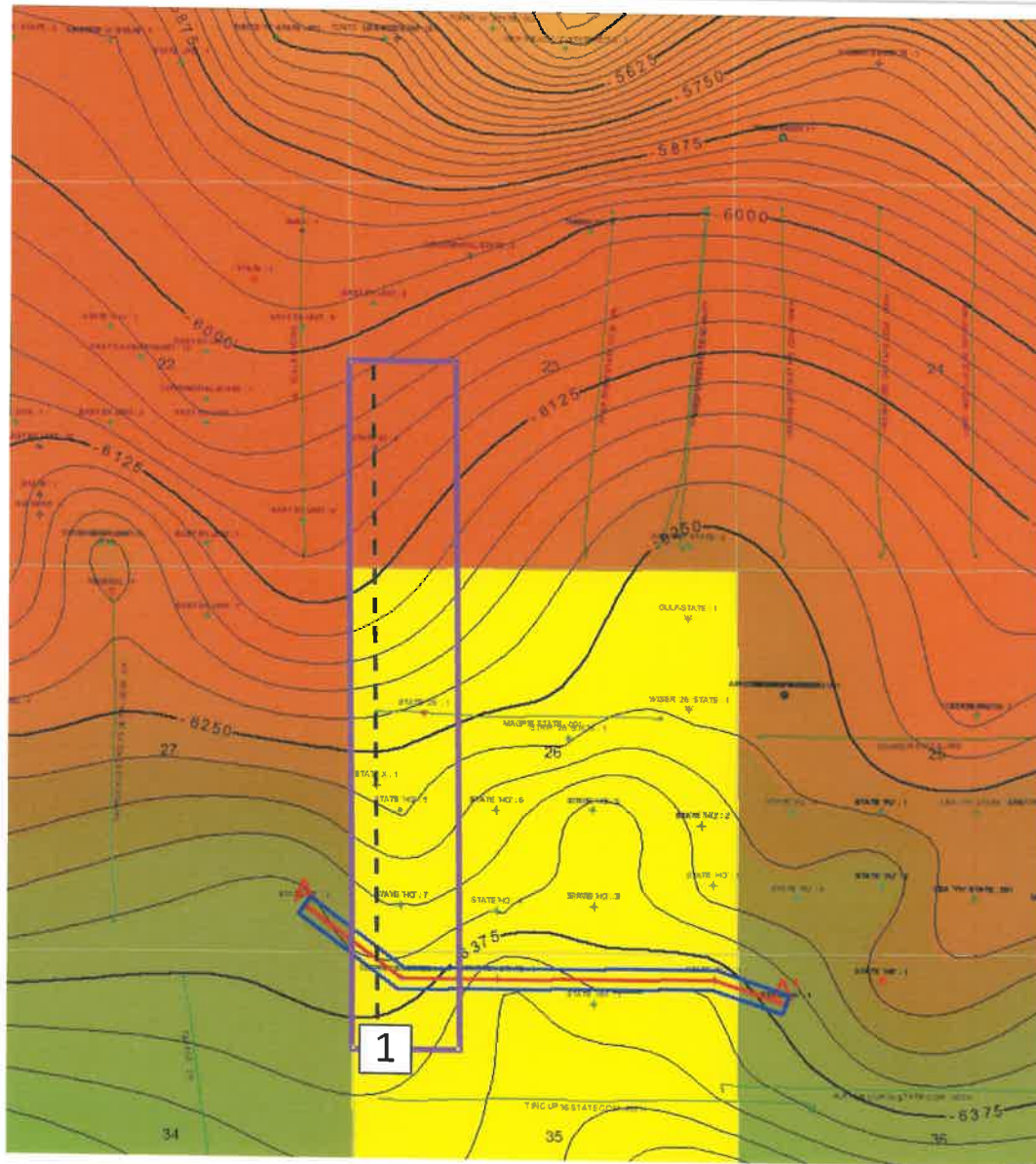
tabbles

EXHIBIT

C-6

Page 55 of 60

TBSG⁵⁴ Structure



- Franklin Mountain Acreage
- Bone Spring Spacing Unit
- Proposed Horizontal Location

1 Gold State Com 601H

All wells shown

1 mile

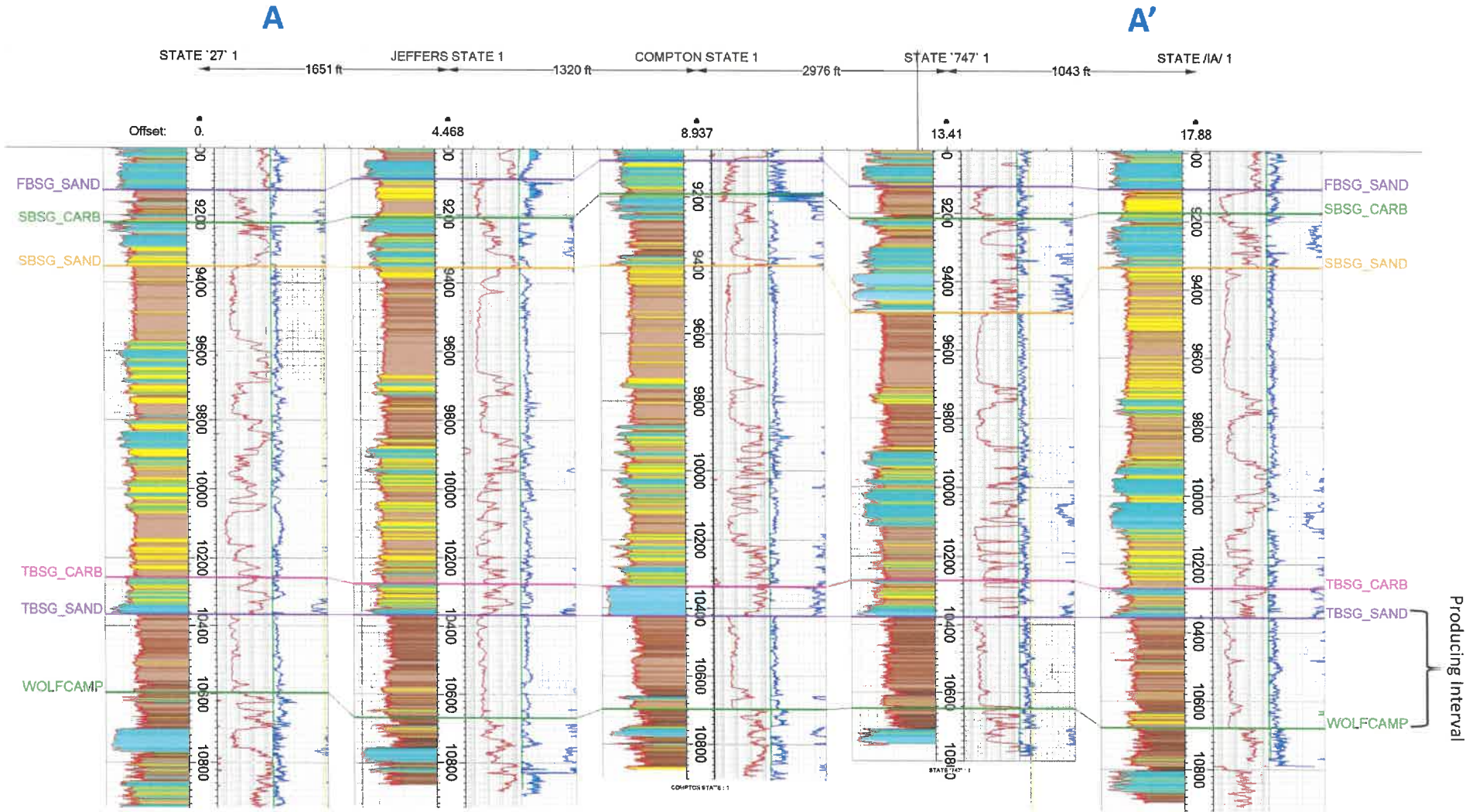
tabbles®

EXHIBIT

C-7

Page 56 of 60

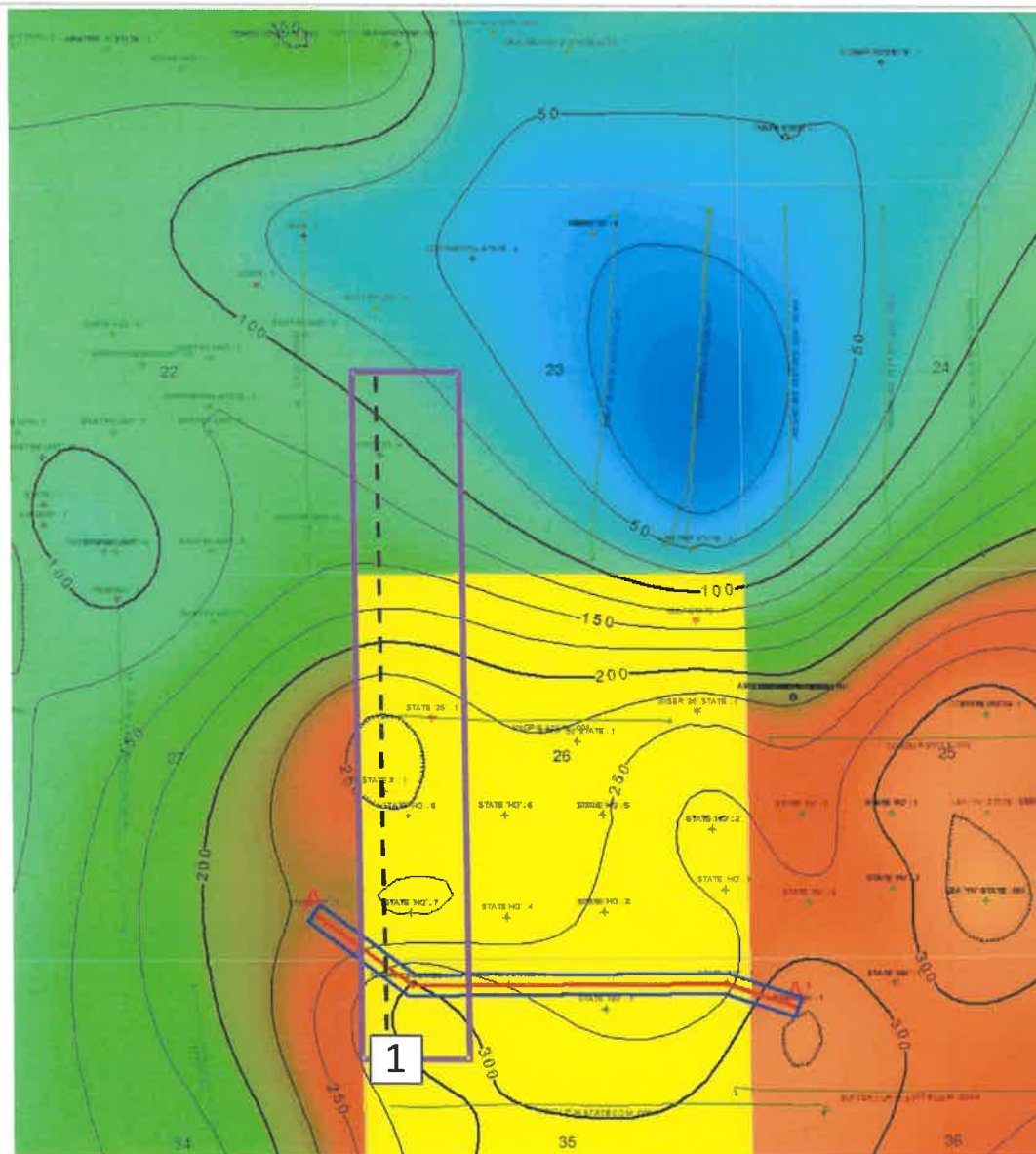
Bone⁵⁶ Spring Cross Section

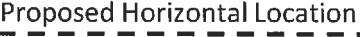


601H

EXHIBIT
C-9

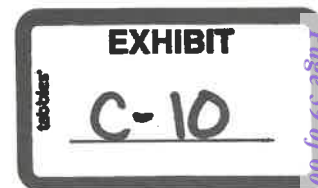
TBSG⁵⁷ Isopach



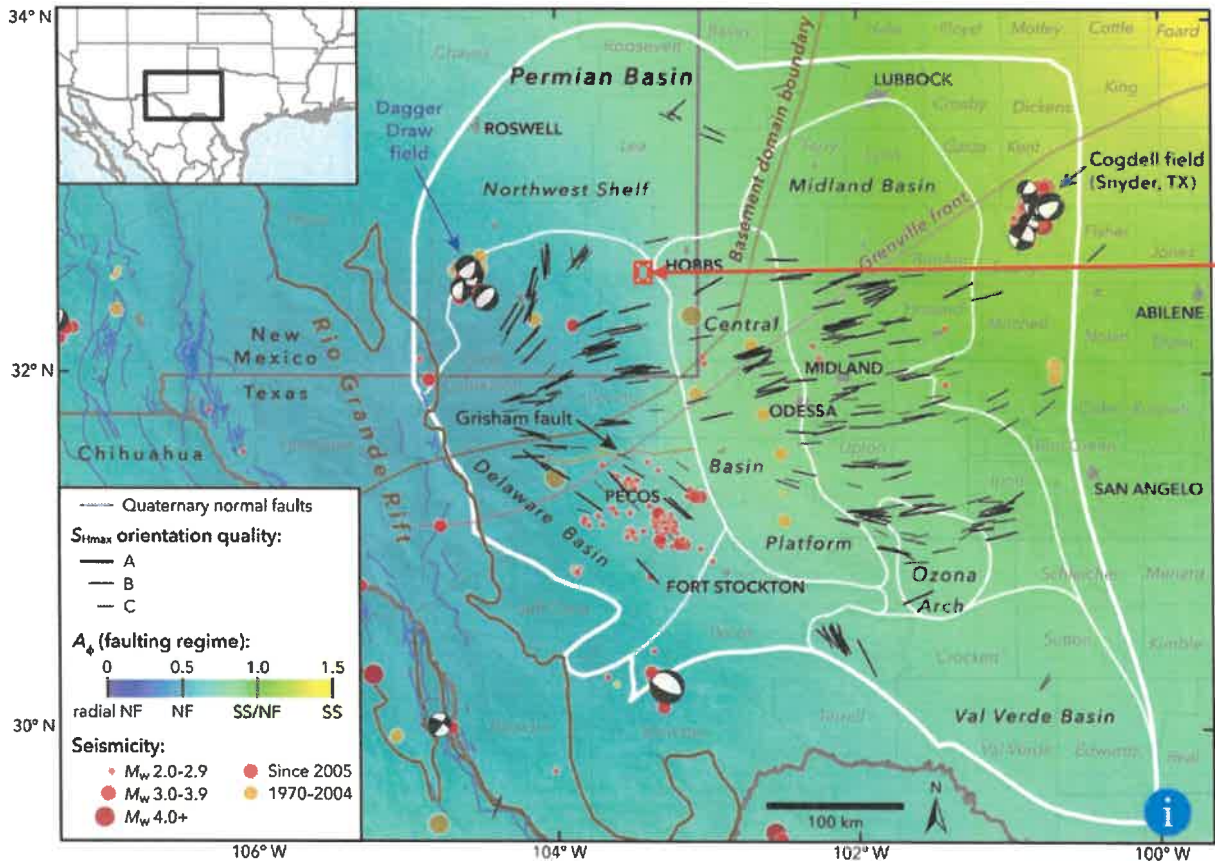
-  Franklin Mountain Acreage
-  Bone Spring Spacing Unit
-  Proposed Horizontal Location
-  Gold State Com 601H

All wells shown

1 mile



Regional Stress



- Red box shows the approximate location of the Gold development
- Reported local S_{Hmax} (Snee and Zoback, 2018) direction is ENE, around 255°
- The Gold State Com 301H and 601H wells are planned to drill N-S, nearly orthogonal to S_{Hmax} , optimal for induced fracture propagation

Snee, J.L. and Zoback, M.D., 2018, State of stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity: The Leading Edge, 37, no. 2
http://www.tleonline.org/theleadingedge/february_2018/MobilePagedArticle.action?articleId=1331603#articleId1331603

EXHIBIT
 C-11
 tabbles