



Before the Oil Conservation Division
Examiner Hearing Nov 2nd, 2023

Compulsory Pooling

Case No. 23905: Alpha State Com 304H

**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. 23905

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- Exhibit C.7: Regional Stress Orientation Overview

COMPULSORY POOLING APPLICATION CHECKLIST

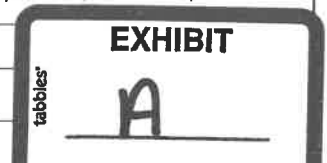
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23905	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:	None.
Well Family	Alpha 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:	Scharb; Bone Spring
Well Location Setback Rules:	State-Wide Rules Apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	319.68-acres
Building Blocks:	80-Acres
Orientation:	North/South
Description: TRS/County	E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 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: Alpha State Com 304H	SHL: 452' FSL & 1245' FEL, Section 4, T19S, R35E BHL: 130' FNL & 360' FEL, Section 33, T18S, R35E Completion Target: First Bone Spring (Approx. 9,371' TVD)
Horizontal Well First and Last Take Points	See Exhibit B.2
Completion Target (Formation, TVD and MD)	See Exhibit B.6

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1



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.8
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B.8
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B.8
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.7
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
HSU Cross Section	Exhibit C.5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	See Exhibit B.2
Tracts	Exhibit B.3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.3
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibit C.2
Structure Contour Map - Subsea Depth	Exhibit C.3

Cross Section Location Map (including wells)	Exhibit C.4
Cross Section (including Landing Zone)	Exhibit C.5
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. 23905

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 well to be drilled in the unit.



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

8. In this case, Franklin seeks an order from the Division pooling all uncommitted mineral interests within a 319.68-acre, more or less, Bone Spring horizontal spacing unit comprising E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

9. This spacing unit will be dedicated to the **Alpha State Com 304H well**, to be horizontally drilled.

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

11. The C-102 identifies the proposed surface hole location and the bottom hole location, and the first take point. The C-102 also identifies the pool and pool code.

12. The well will develop the Scharb; Bone Spring pool, Pool Code 55610.

13. This pool is an oil pool with 80-acre building blocks.

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

15. The producing area for the well 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 well is 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 unleased mineral interest owners in the proposed well.

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 well.

22. **Exhibit B.6** contains the Authorization for Expenditure for the proposed well. The estimated cost of the well 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 \$9,000 month for drilling a well and \$900 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 well.

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 a list of the parties being pooled for this case.

29. **Exhibit B.8** is an affidavit of notice prepared by counsel for Franklin that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs News-Sun newspaper, showing that notice of this hearing was published on October 17, 2023.

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

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

[Signature page follows]

Dated: October 30th, 2023

[Signature]
Don Johnson

State of Colorado

County of Denver

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

[Stamp]

CRYSTAL MCCLAIN
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20234007312
MY COMMISSION EXPIRES FEBRUARY 23, 2027

[Signature]
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. 23905

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 319.68-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 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 the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 319.68-acre, more or less, Bone Spring horizontal spacing unit.
3. Franklin plans to drill the **Alpha State Com 304H well** to a depth sufficient to test the Bone Spring formation. The well will be horizontally drilled, and the producing area for the well 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 well 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.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 2, 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 E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

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

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

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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.
Deana M. Bennett

Yarithza Peña
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
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edebrine@modrall.com
deana.bennett@modrall.com
yarithza.pena@modrall.com
Attorneys for Applicant

CASE NO. 23905 : 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 319.68-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 304H well**, 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 well, 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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 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

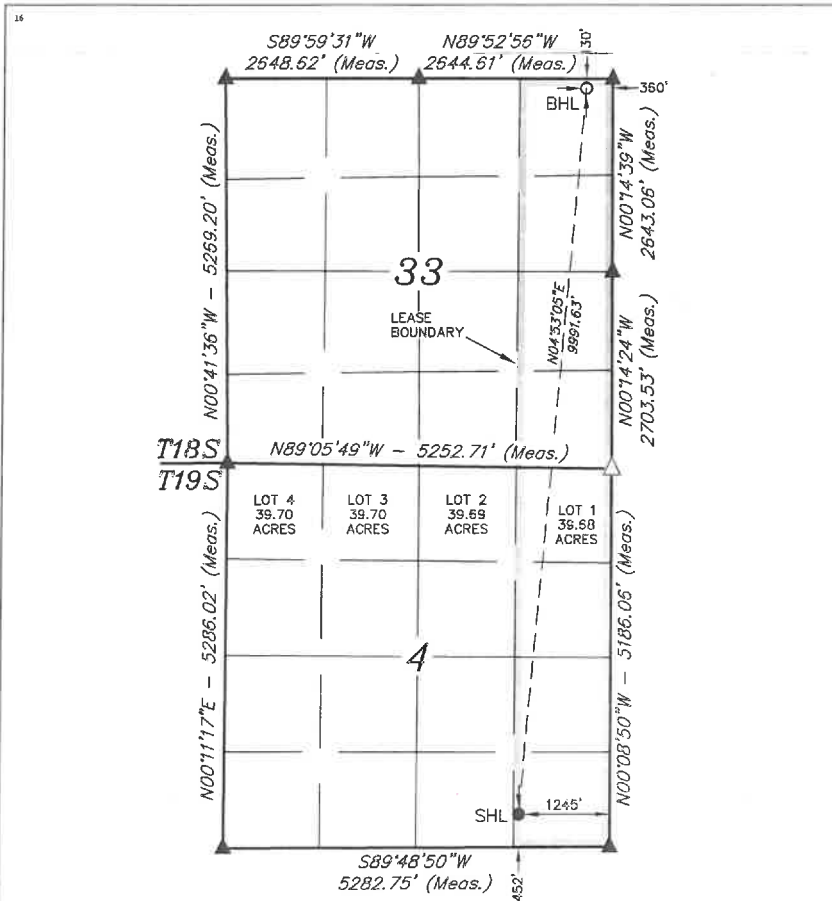
WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 55610		3 Pool Name SCHARB; BONE SPRING	
4 Property Code		5 Property Name ALPHA STATE COM		6 Well Number 304H	
7 OGRID No. 331595		8 Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC		9 Elevation 3891.2'	

10 Surface Location									
UL or lot no. P	Section 4	Township 19S	Range 35E	Lot Idn	Feet from the 452	North/South line SOUTH	Feet from the 1245	East/West line EAST	County LEA

11 Bottom Hole Location If Different From Surface									
UL or lot no. A	Section 33	Township 18S	Range 35E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 360	East/West line EAST	County LEA
12 Dedicated Acres 319.68		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.

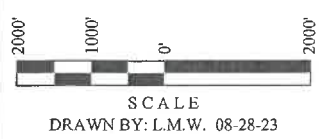


17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to 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 approved by the division.
Rachael Overbey
8/30/2023
Date
Rachael Overbey
Printed Name
roverbey@fmllc.com
E-mail Address

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.
August 23, 2023
Date of Survey
Signature and Seal of Professional Surveyor:



- 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)
 - Section breakdown information for this plat may be obtained from Uintah Engineering & Land Surveying.



- = SURFACE HOLE LOCATION
- = BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED
- △ = SECTION CORNER RE-ESTABLISHED. (Not Set on Ground.)

NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°41'01.07" (32.683632°)	
LONGITUDE = -103°27'28.30" (-103.457862°)	
NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°41'00.63" (32.683508°)	
LONGITUDE = -103°27'26.53" (-103.457371°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 613547.68° E: 810694.70°	
STATE PLANE NAD 27 (N.M. EAST)	
N: 613483.99° E: 769514.53°	
NAD 83 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°42'39.53" (32.710980°)	
LONGITUDE = -103°27'17.88" (-103.454967°)	
NAD 27 (BOTTOM HOLE LOCATION)	
LATITUDE = 32°42'39.08" (32.710857°)	
LONGITUDE = -103°27'16.11" (-103.454474°)	
STATE PLANE NAD 83 (N.M. EAST)	
N: 623504.96° E: 811503.14°	
STATE PLANE NAD 27 (N.M. EAST)	
N: 623441.02° E: 770323.28°	

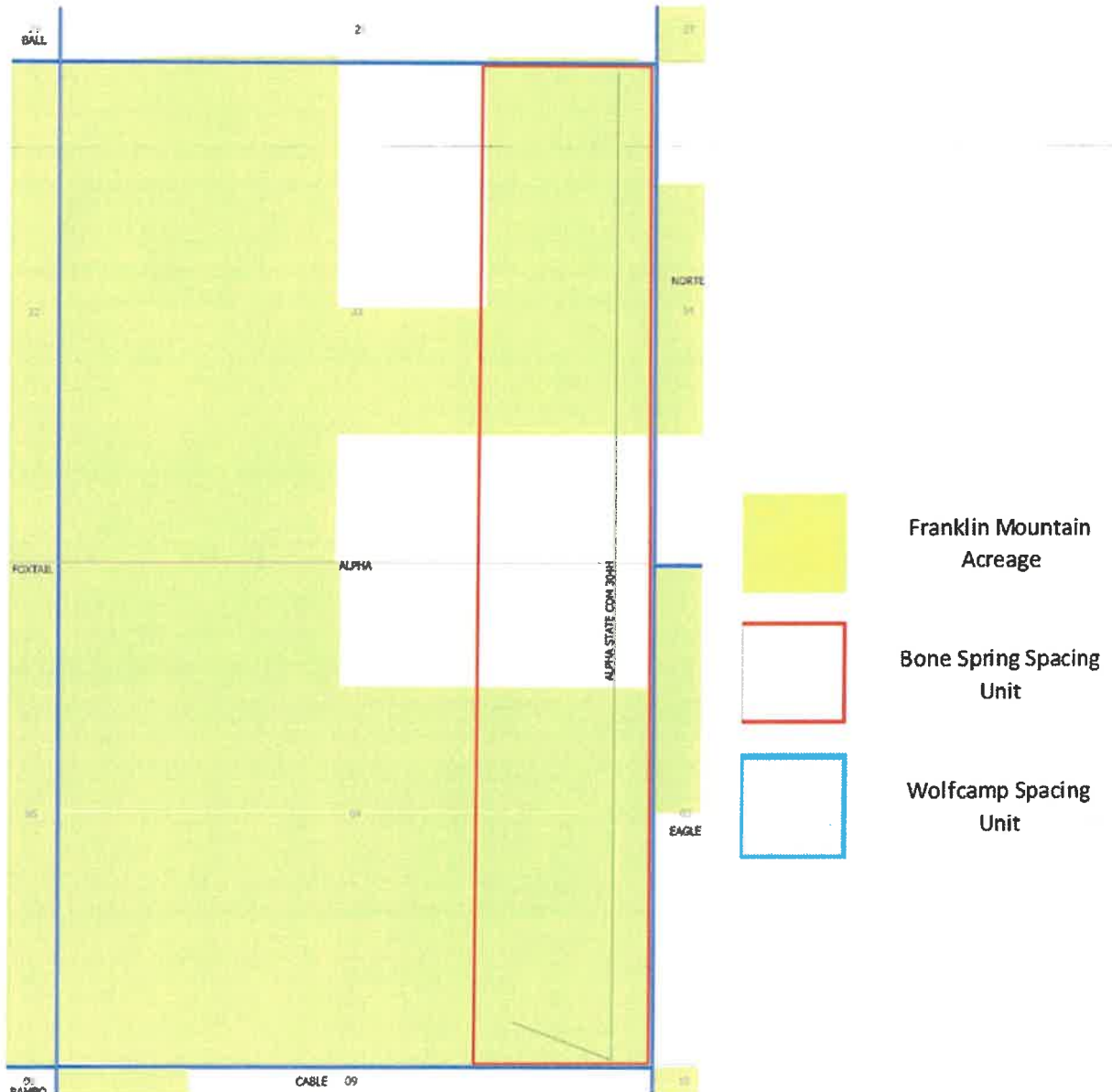
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No. 23905



Development Overview

Case Nos. 23905



1 Mile



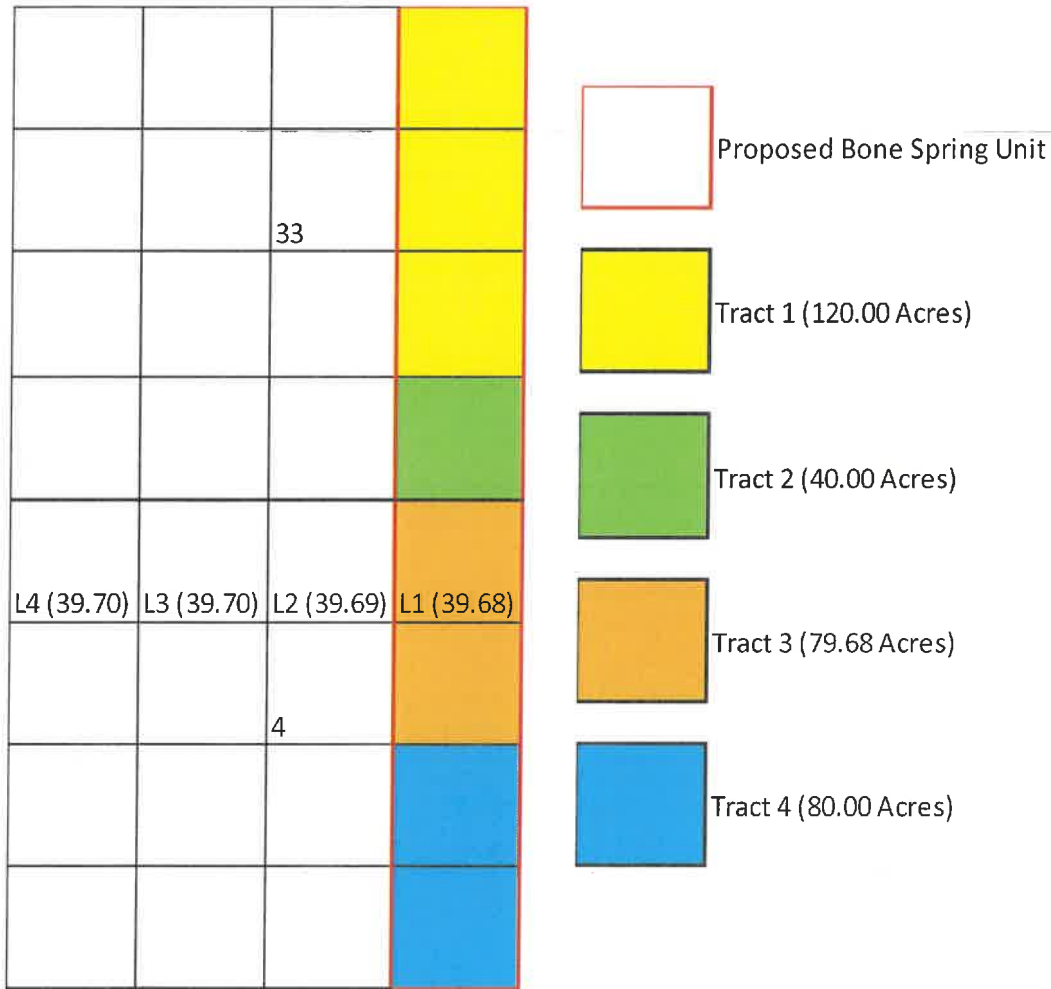
Lease Tract Map

Case No. 23905

E/2E/2 of Sections 33-T18S-35E & Section 4-T19S-R35E

319.68 Acres

Alpha State Com 304H



Summary of Interests

Case No. 23905
E/2E/2 of Sections 33-T18S-35E & Section 4-T19S-R35E
319.68 Acres
Alpha State Com 304H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	75.075075%
Uncommitted Working Interest	
Marathon Oil Permian, LLC	24.924925%
Total:	100.000000%



Unit Recapitulation

Case No. 23905
E/2E/2 of Sections 33-T18S-35E & Section 4-T19S-R35E
319.68 Acres
Alpha State Com 304H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	75.075075%
Uncommitted Working Interest	
Marathon Oil Permian, LLC	24.924925%
Total:	100.000000%

		33	
L4 (39.70)	L3 (39.70)	L2 (39.69)	L1 (39.68)
		4	

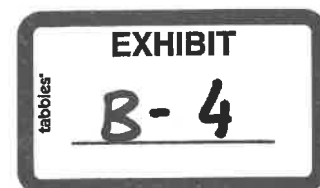
Tract	Lease	%
1	FEE	37.5375%
2	EO-5014	12.5125%
3	A0-4096	24.9250%
4	VC-0512	25.0250%



Summary of Contacts (Case No. 23905)

- Franklin retained a broker who conducted extensive title work to determine the working interest owners and other interest owners.
- Franklin sent well proposal letters to the working interest owners on or around August 24th, 2023.
- Franklin proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letters sent to working interest owners.
- Franklin had multiple communications with the uncommitted working interest owners, which I have outlined in the chart below.
- 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 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
Marathon Oil Permian, LLC	WI	8/24/2023	8/28/2023	Email exchanged on 10/30/2023 about MRO interest and estimated spud dates





Sent via USPS: 9405509205568071319629

August 24, 2023

Marathon Oil Permian, LLC
 990 Town and Country Blvd
 Houston, TX 77024
 Attn: Land Dept, Permian Basin

RE: **Well Proposals**
 Township 19 South, Range 35 East
 Section 4: E2E2
 Township 18 South, Range 35 East
 Section 33: E2E2
 Bone Spring Formation
 Lea County, New Mexico
 320.00 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
Alpha State Com 304H	1BS	9,371'	19,371'	Sec 4-T19S-R35E 452 FSL 1245 FEL	Sec 33-T19S-R35E 130 FNL 360 FEL	\$11,355,549.08	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

44 Cook Street | Suite 1000 | Denver, CO 80206

OCD Examiner Hearing 11-2-23

No. 23905





**FRANKLIN MOUNTAIN
ENERGY**

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 or lease at the following terms:

-
-

The foregoing 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

Don Johnson
Landman



Alpha State Com 304H:

_____ I/We hereby elect to participate in the **Alpha State Com 304H** well.

_____ I/We hereby elect **NOT** to participate in the **Alpha State Com 304H** well.

Owner: Marathon Oil Permian, LLC

By: _____

Printed Name: _____

Title: _____

Date: _____



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: Alpha State Com 104H
Location: SHL Sec 4-T19S-R35E 452 FSL 1245 FEL
BHL Sec 33-T18S-R35E 130 FNL 360 FEL
Operator: Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 10,000' 1BS well
TVD 9,371', MD 19,371'

Well #: 304H
County/State: Lea Co., NM
Date Prepared: 8/23/2023
AFE #: DCE230823

Intangible Drilling Costs and Intangible Completion Costs tables with columns for Major, Minor, Description, and Amount.

Tangible Drilling Costs and Tangible Completion Costs tables with columns for Major, Minor, Description, and Amount.

Tangible Facility Costs and Intangible Facility Costs tables with columns for Major, Minor, Description, and Amount.

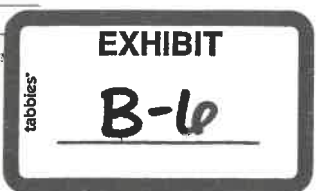
Summary table with columns for Total Drilling, Total Completion, Total Facility, Total DC Intangible, Total DC Tangible, and Total AFE.

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

Operator: Franklin Mountain Energy, LLC
Approved By: [Signature]
Date: 8/23/2023
Chief Executive Officer

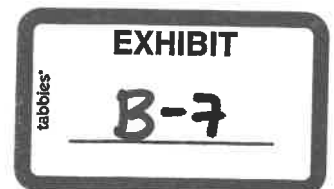
WI Owner:
Approved By:
Printed Name:
Date:
Title:

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



**Parties To Be Pooled
Case No. 23905**

Marathon Oil Permian, LLC	WIO
Good News Minerals, LLC	ORRI
CEP Minerals, LLC	ORRI
KMF Land, LLC	ORRI
Post Oak Crown IV, LLC	ORRI
Crown Oil Partners, LP	ORRI
Collins & Jones Investments, LLC	ORRI
MCT Energy Ltd	ORRI
H. Jason Wacker	ORRI
David W. Cromwell	ORRI
Post Oak Crown IV-B, LLC	ORRI
Oak Valley Mineral and Land, LP	ORRI
Post Oak Mavros, II, LLC	ORRI
Sortida Resources, LLC	ORRI
LMC Energy, LLC	ORRI
Kaleb Smith	ORRI
Deane Durham	ORRI
Mike Moylett	ORRI
William J. McCaw	ORRI
Zunis Energy, LLC	ORRI
Susannah D. Adelson, Trustee of the James Adelson & Family 2015 Trusts	ORRI
Luckaloy Limited Company	ORRI



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

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

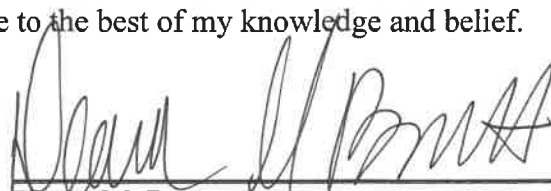
CASE NO. 23905

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 Application was provided under notice letter, dated October 12, 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 October 12, 2023.
- 3) Exhibit C is the certified mailing tracking information, which is automatically compiled 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 November 2, 2023 hearing was published on October 17, 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: October 31, 2023



Deana M. Bennett





MODRALL SPERLING

L A W Y E R S

October 12, 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. 23905

TO: AFFECTED PARTIES

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

In Case No. 23905, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 319.68-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 304H well**, 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 well, 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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles west of Hobbs, New Mexico.

The hearing will be conducted remotely on November 2, 2023 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions 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 this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the

Modrall Sperring
Roehl Harris & Sisk P.A.
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

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



Page 2

application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

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

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. 23905

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 319.68-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 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 the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 319.68-acre, more or less, Bone Spring horizontal spacing unit.
3. Franklin plans to drill the **Alpha State Com 304H well** to a depth sufficient to test the Bone Spring formation. The well will be horizontally drilled, and the producing area for the well 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 well 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.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 2, 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 E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

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

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

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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By: /s/ Deana M. Bennett
Earl E. DeBrine, Jr.
Deana M. Bennett

Yarithza Peña
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
edebrine@modrall.com
deana.bennett@modrall.com
yarithza.pena@modrall.com
Attorneys for Applicant

CASE NO. 23905 : 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 319.68-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 304H well**, 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 well, 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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles west of Hobbs, New Mexico.

Released to Imaging: 11/1/2023 7:50:21 AM

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

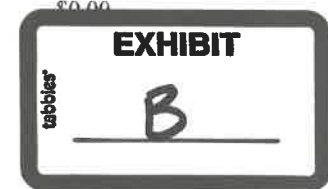
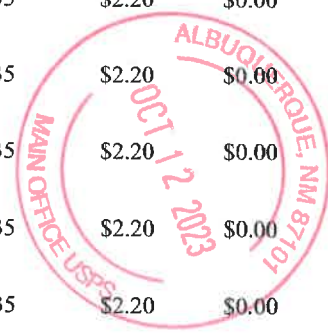
PS Form 3877

Type of Mailing: CERTIFIED MAIL
10/12/2023

Firm Mailing Book ID: 253996

Received by OCD: 10/31/2023 4:57:21 PM

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0113 1216 10	Marathon Oil Permian, LLC 990 TOWN AND COUNTY BLVD HOUSTON TX 77024	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
2	9314 8699 0430 0113 1216 27	Good News Minerals, LLC PO BOX 50820 MIDLAND TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
3	9314 8699 0430 0113 1216 34	CEP Minerals, LLC PO BOX 50820 MIDLAND TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
4	9314 8699 0430 0113 1216 41	KMF Land, LLC 1401 LAWRENCE STREET, SUITE 1750 DENVER CO 80202	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
5	9314 8699 0430 0113 1216 58	Post Oak Crown IV, LLC 34 SOUTH WYNDEN DRIVE, SUITE 210 HOUSTON TX 77056	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
6	9314 8699 0430 0113 1216 65	Crown Oil Partners, LP PO BOX 50820 MIDLAND TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
7	9314 8699 0430 0113 1216 72	Collins & Jones Investments, LLC 508 WEST WALL STREET, SUITE 1200 MIDLAND TX 79701	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
8	9314 8699 0430 0113 1216 89	MCT Energy Ltd 550 WEST TEXAS AVENUE. SUITE 945 MIDLAND TX 79701	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
9	9314 8699 0430 0113 1216 96	H. Jason Wacker 5601 HILLCREST MIDLAND TX 79707	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
10	9314 8699 0430 0113 1217 02	David W. Cromwell 2008 COUNTRY CLUB DRIVE MIDLAND TX 79701	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
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12	9314 8699 0430 0113 1217 26	Oak Valley Mineral and Land, LP PO BOX 50820 MIDLAND TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
13	9314 8699 0430 0113 1217 33	Post Oak Mavros, II, LLC 34 SOUTH WYNDEN DRIVE SUITE 210 HOUSTON TX 77056	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
14	9314 8699 0430 0113 1217 40	Sortida Resources, LLC PO BOX 50820 MIDLAND TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
15	9314 8699 0430 0113 1217 57	LMC Energy, LLC 550 WEST TEXAS AVENUE, SUITE 945 MIDLAND TX 79701	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice



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

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10/12/2023

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Received by OCD: 10/31/2023 4:57:21 PM

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16	9314 8699 0430 0113 1217 64	Kaleb Smith PO BOX 50820 MIDLAND TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
17	9314 8699 0430 0113 1217 71	Deane Durham PO BOX 50820 MIDLAND TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
18	9314 8699 0430 0113 1217 88	Mike Moylett PO BOX 50820 MIDLAND TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
19	9314 8699 0430 0113 1217 95	William J. McCaw PO BOX 376 ARTESIA NM 88211	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
20	9314 8699 0430 0113 1218 01	Zunis Energy, LLC 15 EAST 5TH STREET, SUITE 3300 TULSA OK 74103	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
21	9314 8699 0430 0113 1218 18	Susannah D. Adelson, Trustee of the James Adelson Family 2015 Trusts 15 EAST 5TH STREET, SUITE 3300 TULSA OK 74103	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
22	9314 8699 0430 0113 1218 25	Luckaloy Limited Company 88 WEST COMPRESS ROAD ARTESIA NM 88210	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
23	9314 8699 0430 0113 1218 32	State of New Mexico, acting by and through its Commissioner of Public Lands PO BOX 1148 SANTA FE NM 87501	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23905. Notice
Totals:			\$36.57	\$100.05	\$50.60	\$0.00	
Grand Total:						\$187.22	



List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
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Transaction Report Details - CertifiedPro.net
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 Generated: 10/27/2023 9:14:25 AM

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9314869904300113121764	2023-10-12 1:01 PM	10154.001.23905.	Kaleb Smith		MIDLAND	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-16 10:17 AM
9314869904300113121757	2023-10-12 1:01 PM	10154.001.23905.	LMC Energy, LLC		MIDLAND	TX	79701	To be Returned	Return Receipt - Electronic, Certified Mail	
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Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

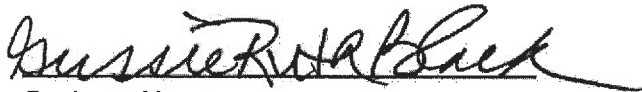
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
October 17, 2023
and ending with the issue dated
October 17, 2023.



Publisher

Sworn and subscribed to before me this
17th day of October 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 publication has been made.

LEGAL NOTICE
October 17, 2023

CASE NO. 23905: Notice to all affected parties, as well as heirs and devisees of: Marathon Oil Permian, LLC; Good News Minerals, LLC; CEP Minerals, LLC; KMF Land, LLC; Post Oak Crown IV, LLC; Crown Oil Partners, LP; Collins & Jones Investments, LLC; MCT Energy Ltd.; H. Jason Wacker; David W. Cromwell; Post Oak Crown IV-B, LLC; Oak Valley Mineral and Land, LP; Post Oak Mavros II, LLC; Sortida Resources, LLC; LMC Energy, LLC; Kaleb Smith; Deane Durham, Mike Moylett; William J. McCaw; Zunis Energy, LLC; Susannah D. Adelson, Trustee of the James Adelson & Family 2015 Trust; Luckeloy Limited Company; State of New Mexico, acting by and through its commissioner of Public Lands of the 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 **November 2, 2023** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/ocd/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 319.68-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the Alpha State Com 304H well, 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 well, 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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles west of Hobbs, New Mexico.
#00283820

01104570

00283820

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

EXHIBIT
tabbier
D

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. 23905

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 **Alpha State Com 304H 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 pink box. The Alpha State Com 304H 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 southwest.

8. **Exhibit C.4** is a cross-section reference map that identifies six wells in the vicinity of the proposed Alpha State Com 304H well, shown by a line of cross-section running from B to B’.

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 southwest.

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

12. 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.

13. **Exhibit C.7** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

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

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

16. 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



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

My Commission Expires: 1/3/2024

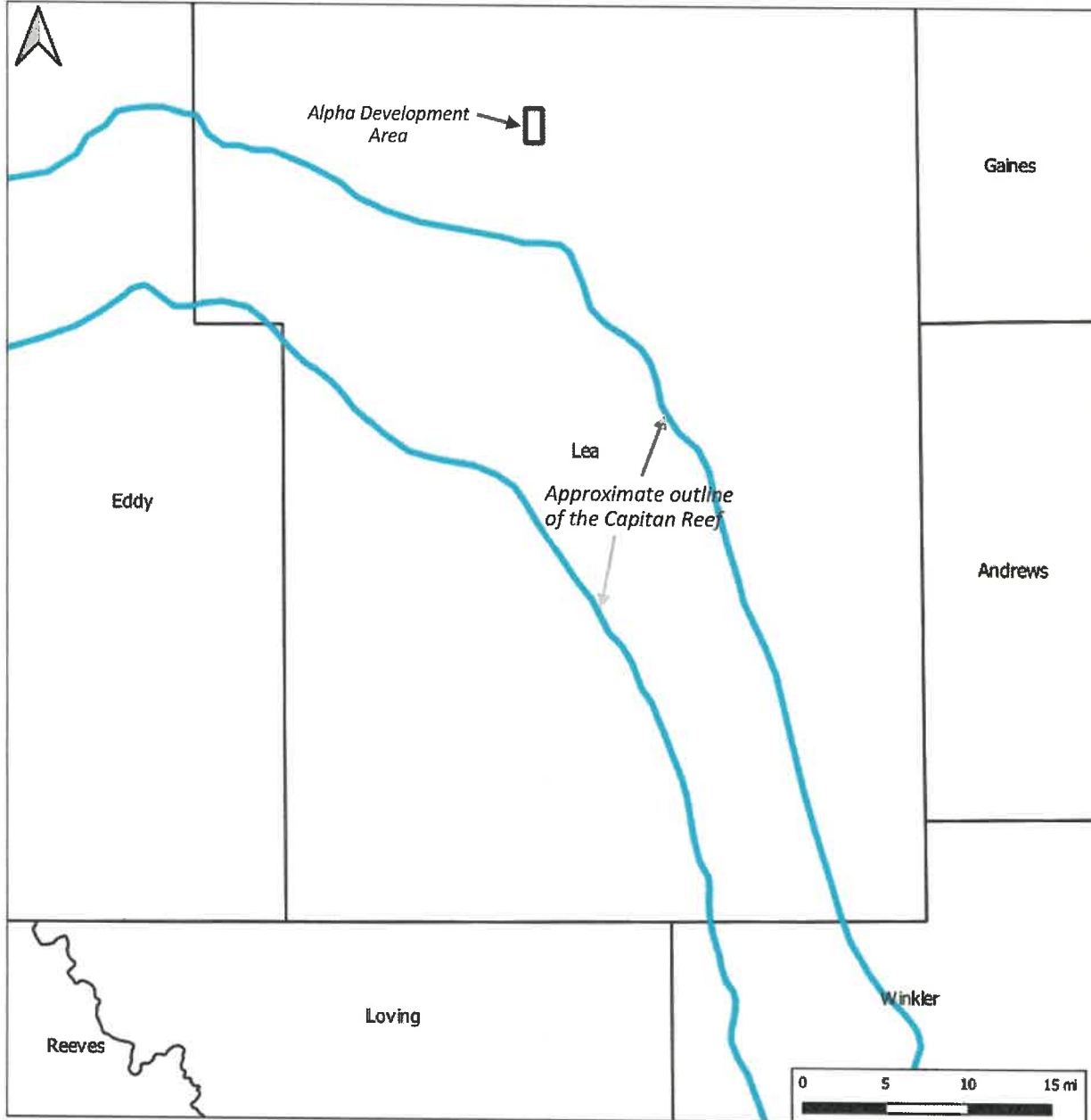
Alpha State Com 304H

Case No.

Bone Spring

Alpha Development

Locator Map



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

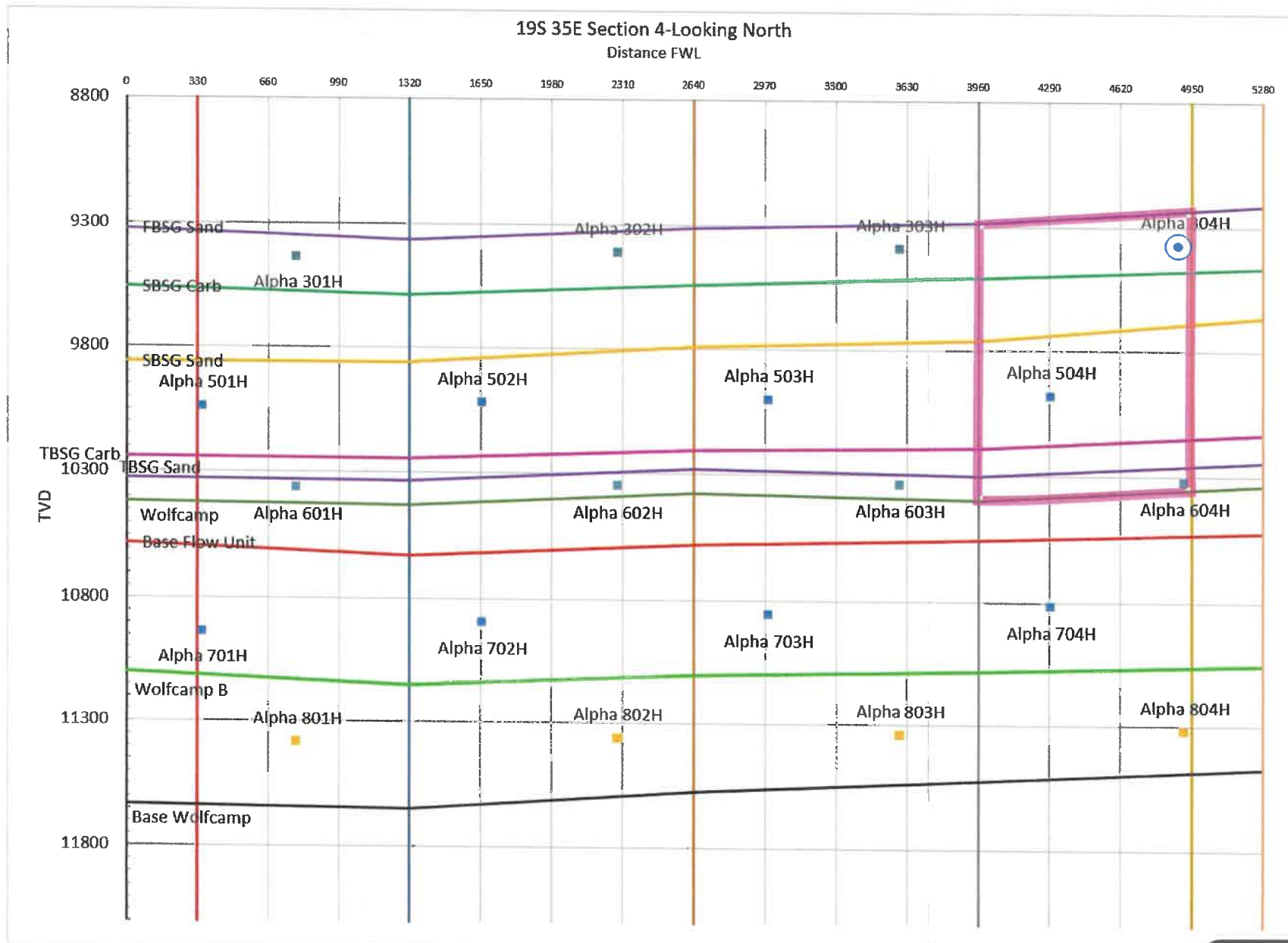
https://www.twdb.texas.gov/publications/reports/contracted_reports/doc/0804830794CapitanReef/Final%20Revised%20Capitan%20PDF%20w_Seals.pdf

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Wellbore Schematic



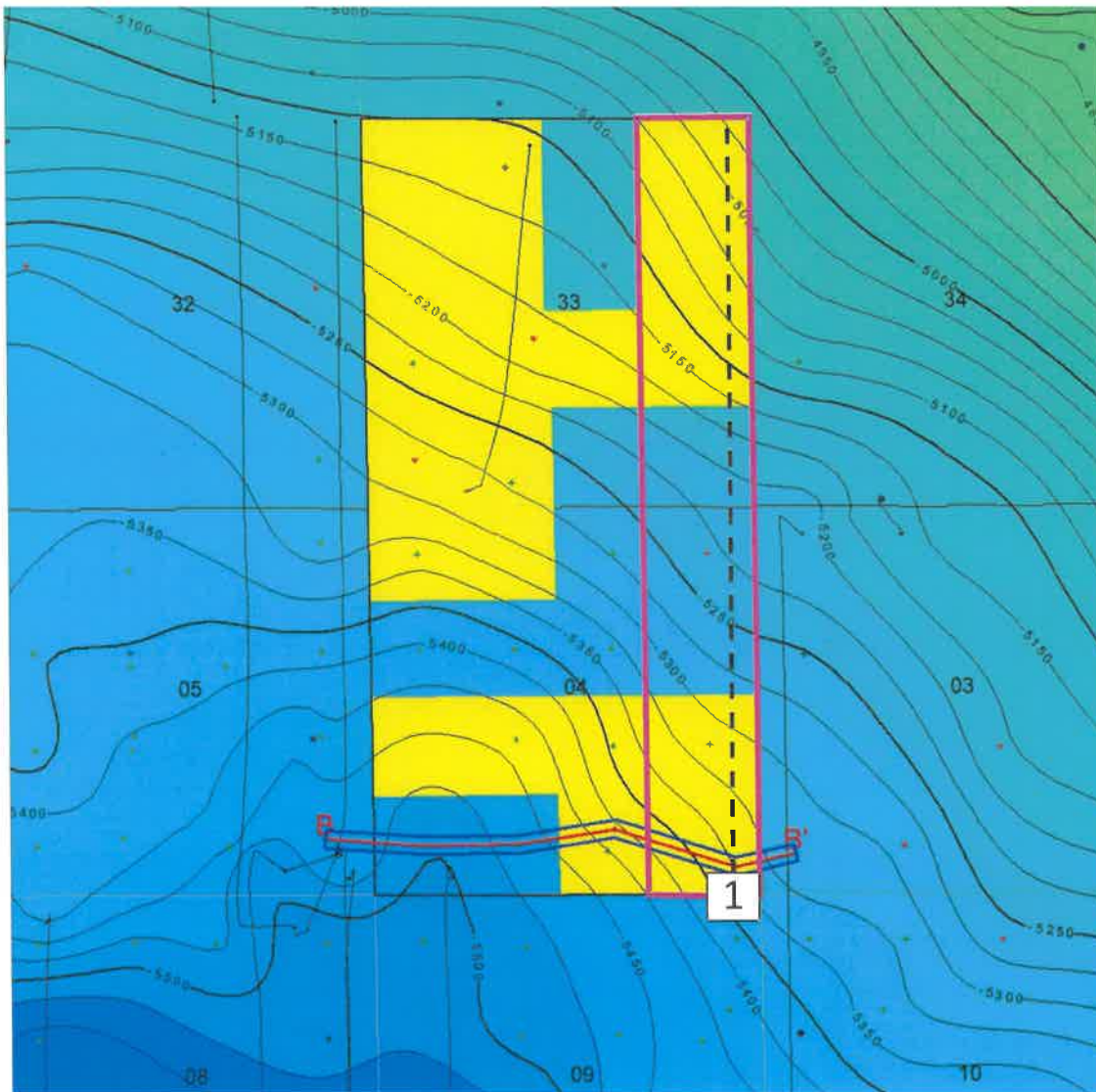
⊙ Proposed Lateral



Bone Spring Spacing Unit

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First Bone Spring Structure



Franklin Mountain Acreage

Bone Spring Spacing Unit

Proposed Horizontal Location

1 Alpha State Com 304H

All wells shown

1 mile

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EXHIBIT

C-3

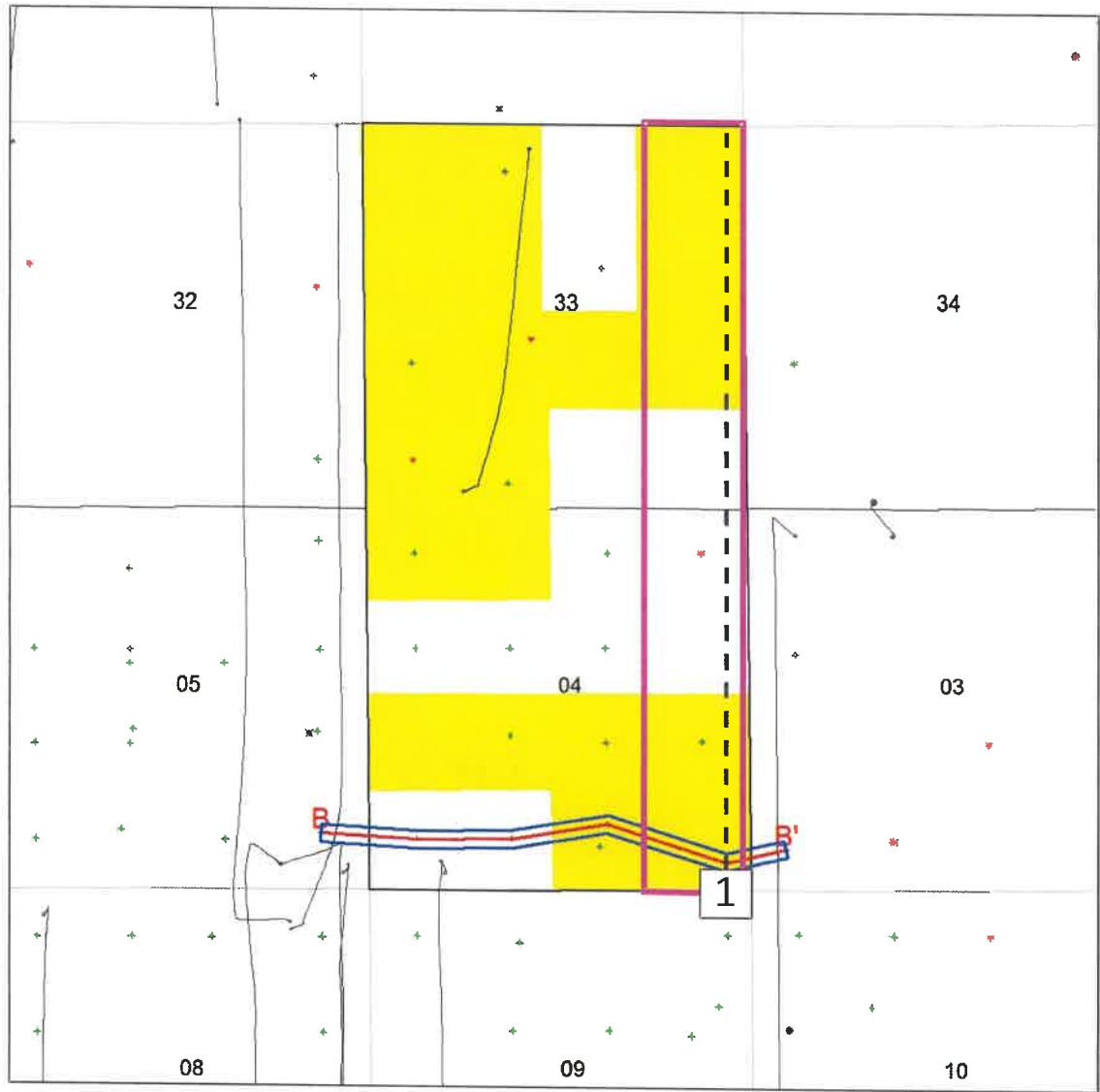
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Cross Section Reference Map



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

1 Alpha State Com 304H

All wells shown

1 mile

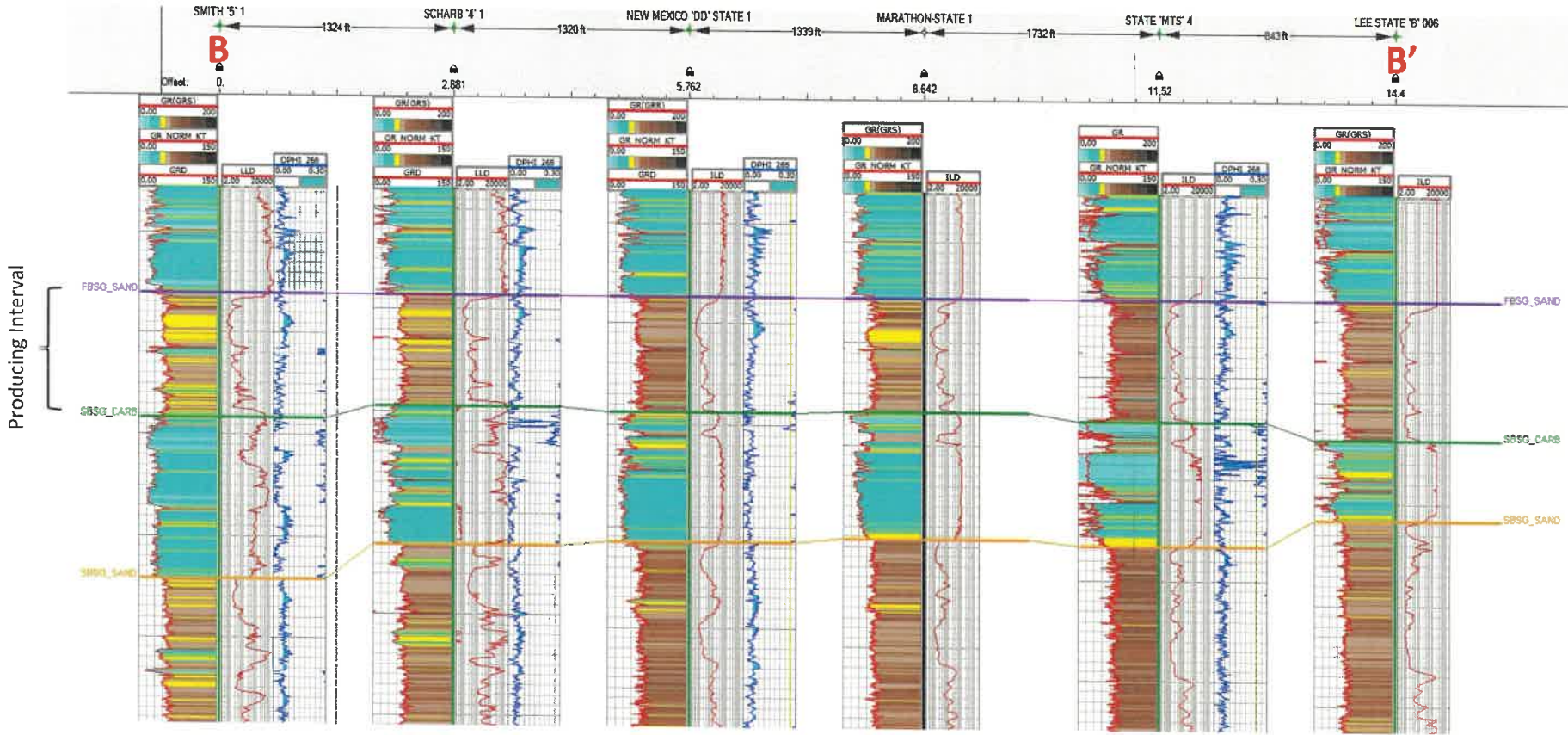
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First Bone Spring Cross Section



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First Bone Spring Sand Isopach



 Franklin Mountain Acreage

 Bone Spring Spacing Unit

 Proposed Horizontal Location

 Alpha State Com 304H

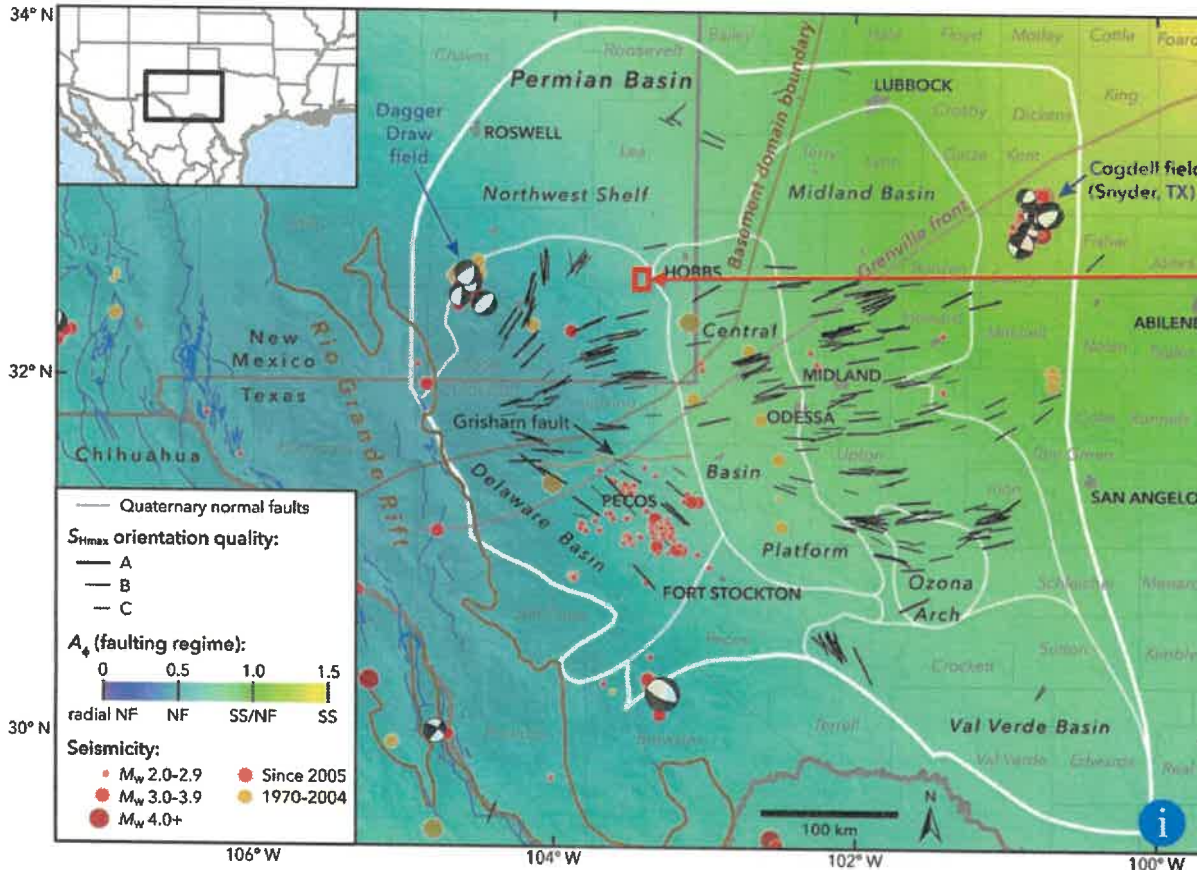
All wells shown

1 mile

EXHIBIT
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Regional Stress



- Red box shows the approximate location of the Alpha development
- Reported local S_{Hmax} (Snee and Zoback, 2018) direction is ENE, around 255°
- The Alpha State Com 304H well is 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