



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

Compulsory Pooling

Case No. 23906: Sun State Com 502H

**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. 23906

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23906	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	Sun 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:	Pearl; Bone Spring, South Pool (Code 49685)
Well Location Setback Rules:	State-Wide Rules Apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	400-acres
Building Blocks:	40-Acres
Orientation:	North/South
Description: TRS/County	E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, 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: Sun State Com 502H	SHL: 2215' FSL & 2595' FWL, Section 24, T19S, R35E BHL: 130' FSL & 2140' FWL, Section 36, T19S, R35E Completion Target: Second Bone Spring (Approx. 9,768' TVD)
Horizontal Well First and Last Take Points	See Exhibit B.2
Completion Target (Formation, TVD and MD)	See Exhibit B.6



Production Supervision/Month \$	\$9,000.00
Justification for Supervision Costs	\$900.00
Requested Risk Charge	See Exhibit B Paragraph 23
	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. 23906

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.

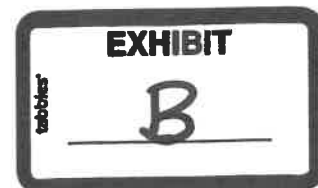
2. My area of responsibility at Franklin includes the area of Lea County in New Mexico.

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 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 400-acre, more or less, Bone Spring horizontal spacing unit comprising E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

9. This spacing unit will be dedicated to the **Sun State Com 502H 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 Pearl; Bone Spring, South pool, Pool Code 49685.

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 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



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



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. 23906

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 400-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, 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 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 400-acre, more or less, Bone Spring horizontal spacing unit.
3. Franklin plans to drill the **Sun State Com 502H 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 the E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, 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. 23906 : 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 400-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Sun State Com 502H 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 18 miles southwest of Hobbs, New Mexico.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 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

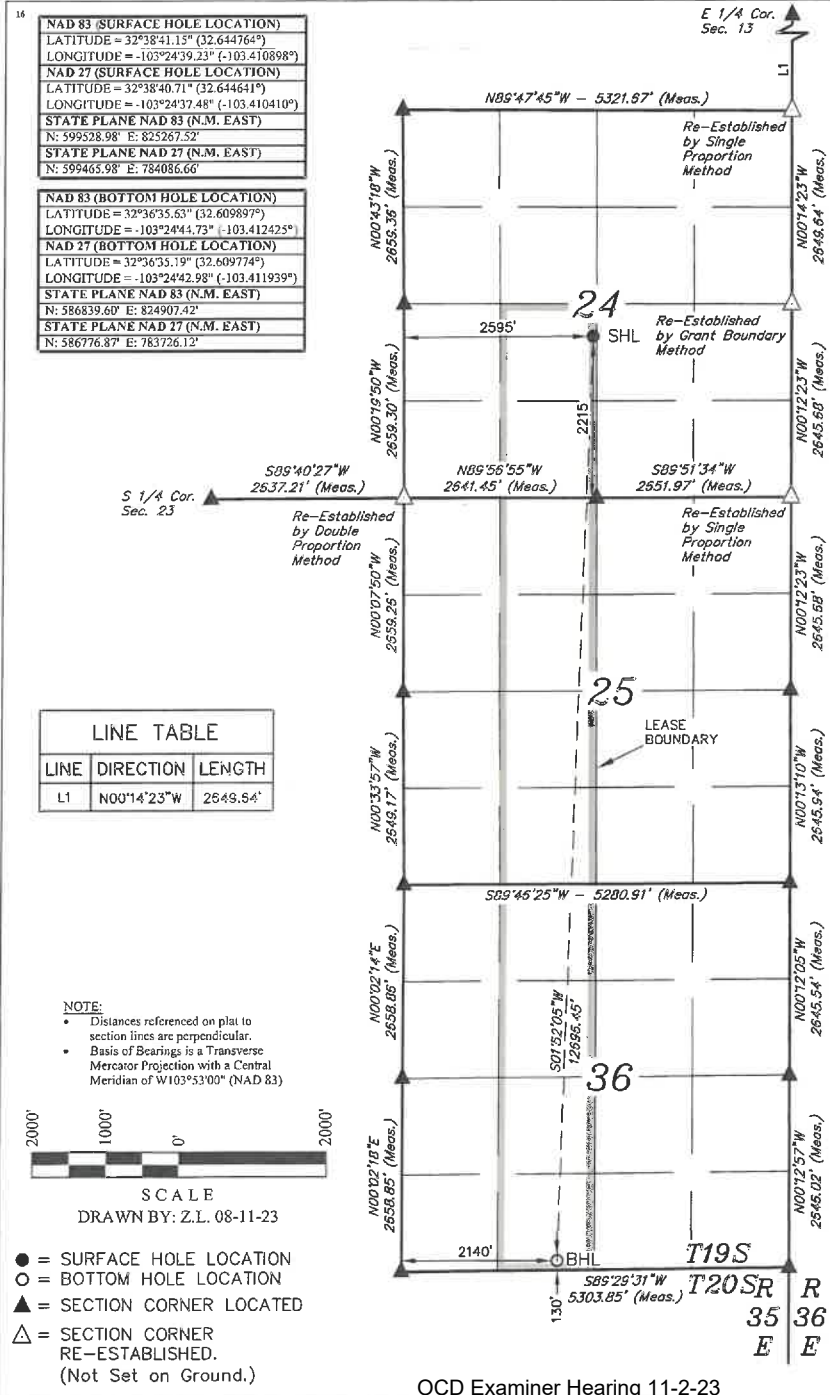
WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 49685		3 Pool Name PEARL;BONE SPRING, SOUTH	
4 Property Code		5 Property Name SUN STATE COM		6 Well Number 502H	
7 OGRID No. 331595		8 Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC		9 Elevation 3708.2'	

10 Surface Location									
UL or lot no. K	Section 24	Township 19S	Range 35E	Lot Idn	Feet from the 2215	North/South line SOUTH	Feet from the 2595	East/West line WEST	County LEA

11 Bottom Hole Location If Different From Surface									
UL or lot no. N	Section 36	Township 19S	Range 35E	Lot Idn	Feet from the 130	North/South line SOUTH	Feet from the 2140	East/West line WEST	County LEA
12 Dedicated Acres 400		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 heretofore entered by the division.

Signature: *Rachael Overbey* Date: 8/18/2023
Printed Name: Rachael Overbey
E-mail Address: roverbey@fmellc.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.

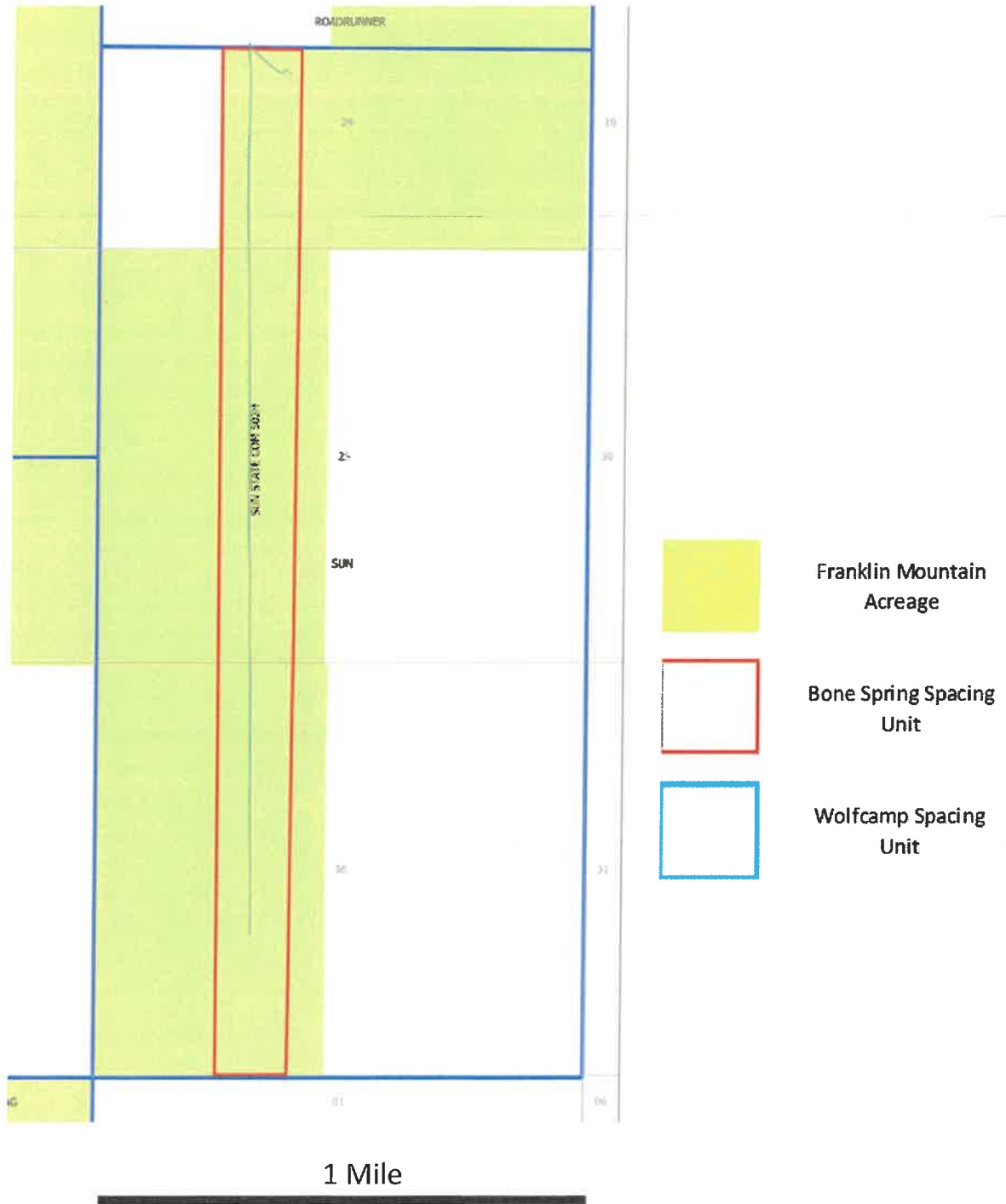
August 11, 2023
Date of Survey
Signature and Seal of Professional Surveyor:

PAUL BUCHELE
NEW MEXICO
23702
08-11-23
PROFESSIONAL SURVEYOR

Certificate Number: **B-2**

Development Overview

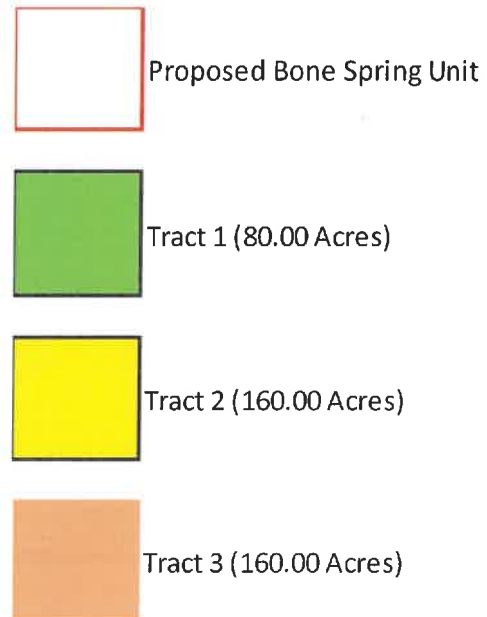
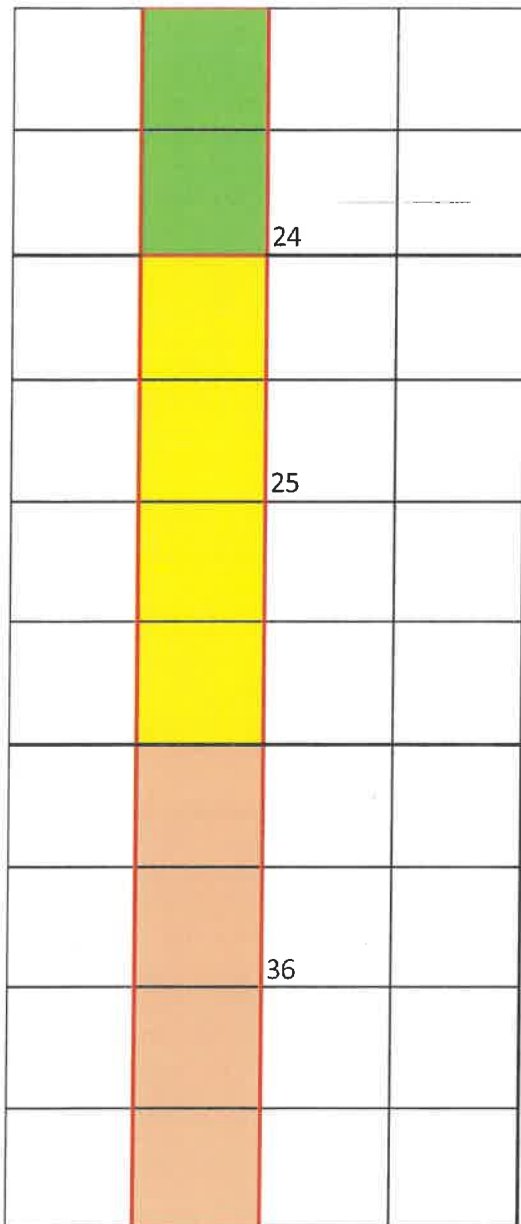
Case Nos. 23906



Lease Tract Map

Case No. 23609

E/2SW of Section 24, E/2W/2 of Sections 25 & 36-T19S-R35E, 400 Acres
Sun State Com 502H



Summary of Interests

Case No. 23609

E/2SW of Section 24, E/2W/2 of Sections 25 & 36-T19S-R35E, 400 Acres
Sun State Com 502H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	86.185000%
HOG Partnership, LP	1.002500%
Uncommitted Working Interest/UMIs	
A & P Family Limited Partnership	0.312500%
George Lynn Sims	0.156250%
Bon Vivant, LLC	0.260417%
Elizabeth Lea Daugherty Rev Trust	0.104167%
Realeza Del Spear, LP	0.104167%
Chevron U.S.A., Inc.	9.375000%
Copperhead Resources, LLC	1.000000%
The Long Trusts	0.958750%
Estate of Billy Glenn Spradlin, deceased	0.041250%
Kenneth G. Cone	0.500000%
Total:	100.000000%



Unit Recapitulation

Case No. 23609

E/2SW of Section 24, E/2W/2 of Sections 25 & 36-T19S-R35E, 400 Acres

Sun State Com 502H

		24	
		25	
		36	

Committed Working Interest	
Franklin Mountain Energy 3, LLC	86.185000%
HOG Partnership, LP	1.002500%
Uncommitted Working Interest/UMIs	
A & P Family Limited Partnership	0.312500%
George Lynn Sims	0.156250%
Bon Vivant, LLC	0.260417%
Elizabeth Lea Daugherty Rev Trust	0.104167%
Realeza Del Spear, LP	0.104167%
Chevron U.S.A., Inc.	9.375000%
Copperhead Resources, LLC	1.000000%
The Long Trusts	0.958750%
Estate of Billy Glenn Spradlin, deceased	0.041250%
Kenneth G. Cone	0.500000%
Total:	100.000000%

Tract	Lease
1	FEE
2	FEE
3	VC-0523



Summary of Contacts (Case No. 23906)

- 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 _____, 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
A & P FAMILY LIMITED PARTNERSHIP	UMI	8/9/2023	8/14/2023	Spoke with attorney, provided interest breakdown
BANK OF OKLAHOMA, NA, SUCCESSOR TRUSTEE OF THE KATHLEEN CONE TESTAMENTARY TRUST FBO THE CHILDREN OF TOM R CONE	UMI	9/20/2023	9/25/2023	Email from Randy Cone representing that they do not own an interest
BON VIVANT, LLC	UMI	8/9/2023	8/14/2023	
CAT LEGACY PROPERTIES LLC	UMI	9/20/2023	9/25/2023	Email from Randy Cone representing that they do not own an interest
CATHIE CONE MCCOWN, AS ATTORNEY IN FACT KENNETH G CONE	UMI	8/9/2023	8/14/2023	
CHARLES ANDREW SPRADLIN, INDEPENDENT EXECUTOR OF THE ESTATE OF BILLY GLENN SPRADLIN, DECEASED	UMI	9/20/2023	9/25/2023	
CHEVRON USA INC	WI	8/9/2023	8/14/2023	
COPPERHEAD RESOURCES LLC	WI/UMI	8/1/2023	8/1/2023	



ELIZABETH LEA DAUGHERTY REVOCABLE TRUST UNDER AGREEMENT DATED MARCH 22 2012	UMI	8/9/2023	8/14/2023	
GEORGE LYNN SIMS	UMI	8/9/2023	8/14/2023	
LARRY LONG, TRUSTEE OF THE LONG TRUSTS	UMI	9/20/2023	9/25/2023	Spoke with Jim Hubley representative of Long Trusts and provided ownership breakdown
LFN CONE PROPERTIES, LLC	UMI	9/20/2023	9/25/2023	Email from Randy Cone representing that they do not own an interest
RANDY LEE CONE	UMI	9/20/2023	9/25/2023	Email saying he does not think he owns interest
BOZEMAN SPRINGS INVESTMENTS, LLC	UMI	9/20/2023	9/25/2023	Email from Randy Cone representing that they do not own an interest



Sent via
 USPS:940550920556878
 8713192

August 9, 2023

A&P Family, Limited Partnership
 1800 17th St
 Eunice, NM 88231
 Attn: Land Dept, Permian Basin

RE: **Well Proposals**
 Township 19 South, Range 35 East
 Section 24: E2SW
 Section 25: E2W2
 Section 36: E2W2
 Bone Spring Formation
 Lea County, New Mexico
 400.00 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
Sun State Com 502H	2BS	9,768'	22,268'	Sec 24-T19S-R35E 2315 FSL 1420 FWL	Sec 36-T19S-R35E 130 FSL 2140 FWL	\$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. 23906





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 and jrutledge@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



Sun State Com 502H:

_____ I/We hereby elect to participate in the **Sun State Com 502H** well.

_____ I/We hereby elect **NOT** to participate in the **Sun State Com 502H** well.

Owner: A&P Family, Limited Partnership

By: _____

Printed Name: _____

Title: _____

Date: _____



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

FRANKLIN MOUNTAIN ENERGY AUTHORITY FOR EXPENDITURE

Well Name: Sun State Com 502H
Location: SHL: Sec 24-T19S-R35E 231S FSL 1420 FWL
BHL: Sec 26-T19S-R35E 130 FSL 2140 FWL
Operator: Franklin Mountain Energy 3, L.L.C.
Purpose: Drill and complete a 12,500' 2BS well.
TVD 9,768', MD 22,268'.

Well #: 502H
County/State: Lea Co., NM
Date Prepared: 8/1/2023
AFE #: DCE230601

Intangible Drilling Costs			Amount
Major	Minor	Description	
225	5	ADMINISTRATIVE OVERHEAD	\$4,000
225	10	CASING CREW & EQPT	\$45,000
225	15	CEMENTING INTERMEDIATE CASING	\$40,000
225	16	CEMENTING PRODUCTION CASING	\$80,000
225	20	CEMENTING SURFACE CASING	\$36,000
225	25	COMMUNICATIONS	\$19,000
225	30	COMPLETION FLUIDS	\$6,000
225	34	CONSTRUCTION/LOCATION & ROAD	\$45,000
225	40	CONTRACT LABOR	\$50,000
225	45	DAMAGES	\$15,000
225	50	DAYWORK CONTRACT	\$520,000
225	55	DRILLING - DIRECTIONAL	\$200,000
225	60	DRILLING - FOOTAGE	\$90,000
225	65	DRILLING BITS	\$90,000
225	70	ELECTRICAL POWER/GENERATION	\$0
225	75	ENGINEERING	\$20,000
225	80	ENVIRONMENTAL SERVICES	\$200,000
225	84	EQUIPMENT RENTAL-DOWNHOLE	\$40,000
225	85	EQUIPMENT RENTAL	\$50,000
225	90	FISHING TOOL SERVICES	\$0
225	95	HEALTH & SAFETY	\$7,000
225	100	HOUSING AND SUPPORT SERVICES	\$18,000
225	105	INSURANCE	\$1,700
225	106	INSPECTIONS	\$15,000
225	110	LEGAL, TITLE SERVICES	\$6,000
225	115	MATERIALS & SUPPLIES	\$5,000
225	120	MISCELLANEOUS	\$5,000
225	125	MOUSE/RATHOLE/CONDUCT PIPE	\$31,000
225	130	MUD & CHEMICALS	\$180,000
225	140	OPENHOLE LOGGING	\$0
225	141	CASED HOLE LOGGING	\$0
225	145	PERMITS, LICENSES, ETC	\$0
225	150	POWER FUEL & WATER HAULING	\$20,000
225	155	RIG MOVE & RACKING COSTS	\$160,000
225	160	RIG UP TEAR OUT & STANDBY	\$10,000
225	163	SITE RESTORATION	\$0
225	165	STAKING & SURVEYING	\$6,000
225	170	SUPERVISION	\$71,400
225	175	SUPERVISION - GEOLOGICAL	\$39,000
225	180	TRANSPORTATION/TRUCKING	\$20,000
225	178	TAXES	\$125,131
225	35	CONTINGENCY COSTS 5%	\$113,755
Total Intangible Drilling Costs:			\$2,573,996

Tangible Drilling Costs			Amount
Major	Minor	Description	
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,758
230	20	PACKERS/SLEEVES/PLUGS	\$66,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,034,380
230	35	SURFACE CASING & ATTACHMENTS	\$169,740
230	45	WELLHEAD EQUIPMENT/CASING HOWL	\$70,000
230	40	TAXES	\$83,263
Total Tangible Drilling Costs:			\$1,597,141

Tangible Facility Costs			Amount
Major	Minor	Description	
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000
270	15	CONFINEMENT	\$0
270	25	DEHYDRATION	\$0
270	30	PRIMARY POWER MATERIALS	\$56,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000
270	60	H2S TREATING EQUIPMENT	\$0
270	65	SEPARATION EQUIPMENT	\$125,000
270	66	ROAD/LOCATION/FENCING/REPAIRS	\$0
270	75	PRE-FABRICATED SKIDS	\$0
270	86	FACILITY SURFACE EQUIPMENT	\$137,000
270	90	H2S SAFETY SYSTEM	\$4,000
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$86,000
270	110	TANKS & WALKWAYS	\$90,000
270	130	MECHANICAL BATTERY BUILD	\$154,000
270	132	FI&C BATTERY BUILD	\$45,000
270	134	CONTROLS AND SCADA BATTERY BUILD	\$5,000
270	136	PRIMARY POWER BUILD	\$56,000
270	138	FLOWLINE INSTALLATION	\$27,000
270	140	SIGNAGE	\$250
270	125	TAXES	\$55,674
Total Tangible Facility Costs:			\$1,067,924

Total Drill:	\$4,111,126.79
Total Completion:	\$6,045,445.54
Total Facility:	\$1,198,976.73
Total DC Intangible:	\$8,010,831.04
Total DC Tangible:	\$2,145,741.29

Total AFE: \$11,355,549.08

Intangible Completion Costs			Amount
Major	Minor	Description	
240	5	ADMINISTRATIVE OVERHEAD	\$8,200
240	10	CASED HOLE LOGS & SURVEYS	\$6,635
240	15	CASING CREW & EQPT	\$0
240	20	COILED TUBING/SNUBBING UNIT	\$194,313
240	25	COMMUNICATIONS	\$1,896
240	30	COMPANY DIRECT LABOR	\$0
240	35	COMPLETION/WORKOVER RIG	\$75,000
240	45	CONTRACT LABOR/ROUSTABOUTS	\$23,697
240	50	DAMAGES/RECLAMATION	\$1,896
240	55	DISPOSAL SOLIDS	\$2,844
240	60	ELECTRICAL POWER/GENERATION	\$0
240	62	ENGINEERING	\$5,687
240	65	ENVIRONMENTAL/CLEANUP	\$0
240	70	FISHING TOOLS / SERVICES	\$0
240	71	FLUIDS/HAULING/DISPOSAL	\$180,000
240	72	FRAC WATER/COMPLETION FLUID	\$470,000
240	75	FUEL, POWER/DIESEL	\$350,000
240	80	HEALTH & SAFETY	\$4,700
240	85	HOUSING AND SUPPORT SERVICES	\$14,000
240	90	MATERIALS & SUPPLIES	\$0
240	95	MISCELLANEOUS	\$0
240	100	MUD & CHEMICALS	\$10,000
240	110	P&A/TA COSTS	\$0
240	115	PERFORATING/WIRRLINE SERVICE	\$265,403
240	120	PIPE INSPECTION	\$0
240	125	ROAD, LOCATIONS REPAIRS	\$2,000
240	130	STIMULATION	\$2,616,000
240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$37,915
240	140	SUPERVISION	\$90,047
240	145	SURFACE EQUIP RENTAL	\$189,573
240	150	TRANSPORTATION/TRUCKING	\$2,844
240	155	WATER TRANSFER	\$56,872
240	160	WELDING SERVICES	\$0
240	165	WELL TESTING/FLOWBACK	\$165,000
240	148	TAXES	\$273,599
240	40	CONTINGENCY COSTS 5%	\$248,726
Total Intangible Completion Costs:			\$5,396,840

Tangible Completion Costs			Amount
Major	Minor	Description	
245	5	ARTIFICIAL LIFT	\$175,000
245	15	FLOWLINES	\$20,000
245	25	FRAC STRING	\$0
245	40	PACKERS/SLEEVES/PLUGS/GL MANDRELS	\$0
245	45	PRODUCTION LINER	\$0
245	50	PRODUCTION PROCESSING FACILITY	\$0
245	55	PRODUCTION TUBING	\$150,000
245	60	RODS/PUMPS	\$0
245	65	SUBSURFACE EQUIPMENT	\$50,000
245	75	WELLHEAD EQUIPMENT	\$125,000
245	70	TAXES	\$28,600
Total Tangible Completion Costs:			\$418,600

Intangible Facility Costs			Amount
Major	Minor	Description	
265	5	CONSULTING	\$18,100
265	12	COMPANY DIRECT LABOR	\$0
265	20	DAMAGES/ROW/PERMITS, ETC	\$24,000
265	22	RAILROAD CONSTRUCTION	\$50,000
265	25	ENGINEERING / SCIENCE	\$22,000
265	40	HEALTH/SAFETY/ENVIRONMENTAL	\$0
265	45	CONTRACT LABOR & SERVICES	\$0
265	60	OVERHEAD	\$3,000
265	80	SURVEY / PLATS / STAKINGS	\$1,500
265	85	TRANSPORTATION / TRUCKING	\$0
265	83	TAXES	\$6,523
265	10	CONTINGENCY COSTS 5%	\$5,930
Total Intangible Facility Costs:			\$111,053

Office Use Only:

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

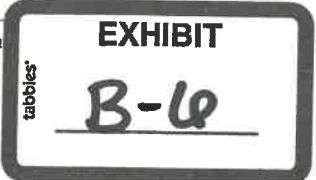
Operator: Franklin Mountain Energy 3, L.L.C.
Approved By: Chief Executive Officer

Date: 8/1/2023

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 FM



**Parties To Be Pooled
Case No. 23906**

A & P Family Limited Partnership	UMI
George Lynn Sims	UMI
Bon Vivant, LLC	UMI
Elizabeth Lea Daugherty Revocable Trust Under Agreement dated 3-22-12	UMI
Realeza Del Spear, LP	UMI
Chevron U.S.A., Inc.	WIO
Copperhead Resources, LLC	WIO/ UMI
Larry Long, Trustee of The Long Trusts	UMI
Charles Andrew Spradlin, Executor of the Estate of Billy Glenn Spradlin, deceased	UMI
Cathie Cone McCown, As Attorney In Fact for Kenneth G. Cone	UMI
Bank of Oklahoma, Trustee of Kathleen Cone Trust FBO Children of Tom R. Cone	ULM
Cat Legacy Properties LLC	ULM
Featherstone Development Corporation	ORRI
LFN Cone Properties, LLC	ULM
Randy Lee Cone	ULM
Halbert Oil And Gas Properties, LLC	NPRI
Cc Halbert Royalties, Ltd.	NPRI
John & Theresa Hillman Family Properties, LP	NPRI
Manix Royalty Ltd.	NPRI
Black Shale Minerals, LLC	NPRI
Chisos Ltd.	NPRI



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. 23906

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. 23906

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. 23906, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 400-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Sun State Com 502H 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 18 miles southwest 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 application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

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

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. 23906

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 400-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, 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 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 400-acre, more or less, Bone Spring horizontal spacing unit.
3. Franklin plans to drill the **Sun State Com 502H 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 the E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, 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. 23906: 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 400-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Sun State Com 502H 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 18 miles southwest of Hobbs, New Mexico.

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

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL
10/12/2023

Firm Mailing Book ID: 253994

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0113 1210 23	A & P FAMILY LIMITED PARTNERSHIP PO BOX 1046 EUNICE NM 88231	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
2	9314 8699 0430 0113 1210 30	Bank of Oklahoma, Trustee of Kathleen Cone Trust FBO Children of Tom R. Cone PO BOX 3499 TULSA OK 74101	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
3	9314 8699 0430 0113 1210 47	BON VIVANT, LLC PO BOX 2630 HOBBS NM 88241	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
4	9314 8699 0430 0113 1210 54	CAT LEGACY PROPERTIES LLC PO BOX 1473 CELINA TX 75009	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
5	9314 8699 0430 0113 1210 61	CATHIE CONE MCCOWN, AS ATTORNEY IN FACT Kenneth G. Cone PO BOX 658 Dripping Springs TX 78620	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
6	9314 8699 0430 0113 1210 78	Charles Andrew Spradlin, Executor of the Estate of Billy Glen Spradlin, deceased 2451 WALKER STREET GRAND PRAIRIE TX 75052	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
7	9314 8699 0430 0113 1210 85	CHEVRON USA INC 1400 SMITH STREET HOUSTON TX 77002	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
8	9314 8699 0430 0113 1210 92	COPPERHEAD RESOURCES LLC PO BOX 8355 MIDLAND TX 79708	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
9	9314 8699 0430 0113 1211 08	ELIZABETH LEA DAUGHERTY REVOCABLE TRUST Under Agreement dated 3-22-12 PO BOX 2546 FORT WORTH TX 76113	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
10	9314 8699 0430 0113 1211 15	FEATHERSTONE DEVELOPMENT CORPORATION PO BOX 429 ROSWELL NM 88201	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
11	9314 8699 0430 0113 1211 22	GEORGE LYNN SIMS PO BOX 34 MAYHILL NM 88339	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
12	9314 8699 0430 0113 1211 39	HOG PARTNERSHIP LP 5950 CEDAR SPRING ROAD, #242 DALLAS TX 75235	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
13	9314 8699 0430 0113 1211 46	LARRY LONG, TRUSTEE OF THE LONG TRUSTS PO BOX 3096 KILGORE TX 75663	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice



Received by OCD: 10/31/2023 4:58:38 PM

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL
10/12/2023

Firm Mailing Book ID: 253994

Received by OCD: 10/31/2023 4:58:38 PM

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
14	9314 8699 0430 0113 1211 53	LFN CONE PROPERTIES, LLC 2504 BOWMAN AVENUE AUSTIN TX 78703	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
15	9314 8699 0430 0113 1211 60	RANDY LEE CONE PO BOX 231034 ANCHORAGE AK 99523	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
16	9314 8699 0430 0113 1211 77	REALEZA DEL SPEAR, LP PO BOX 1684 MIDLAND TX 79702	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
17	9314 8699 0430 0113 1211 84	STATE OF NEW MEXICO, BY AND THROUGH ITS Commissioner of Public Lands PO BOX 1148 SANTA FE NM 87504	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
18	9314 8699 0430 0113 1211 91	HALBERT OIL AND GAS PROPERTIES, LLC PO BOX 2020 TYLER TX 75710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
19	9314 8699 0430 0113 1212 07	CC HALBERT ROYALTIES, LTD. PO BOX 2026 TYLER TX 75710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
20	9314 8699 0430 0113 1212 14	JOHN & THERESA HILLMAN FAMILY PROPERTIES, LP PO BOX 50187 MIDLAND TX 79710	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
21	9314 8699 0430 0113 1212 21	MANIX ROYALTY LTD. PO BOX 2818 MIDLAND TX 79702	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
22	9314 8699 0430 0113 1212 38	BLACK SHALE MINERALS, LLC PO BOX 2243 LONGVIEW TX 75606	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
23	9314 8699 0430 0113 1212 45	CHISOS LTD. 670 DONA ANA ROAD SW DEMING NM 88030	\$1.59	\$4.35	\$2.20	\$0.00	10154.001.23906. Notice
Totals:			\$36.57	\$100.05	\$50.60	\$0.00	
Grand Total:						\$187.22	



List Number of Pieces Listed by Sender: 23
 Total Number of Pieces Received at Post Office: 23
 Postmaster: Name of receiving employee
 Dated:

Transaction Report Details - CertifiedPro.net
 Firm Mail Book ID= 253994
 Generated: 10/27/2023 9:25:55 AM

USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mali Delivery Date
9314869904300113121245	2023-10-12 12:55 PM	10154.001.23906.	CHISOS LTD.		DEMING	NM	88030	Undelivered - To Be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300113121238	2023-10-12 12:55 PM	10154.001.23906.	BLACK SHALE MINERALS, LLC		LONGVIEW	TX	75606	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-19 8:25 AM
9314869904300113121221	2023-10-12 12:55 PM	10154.001.23906.	MANIX ROYALTY LTD.		MIDLAND	TX	79702	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300113121214	2023-10-12 12:55 PM	10154.001.23906.	JOHN & THERESA HILLMAN FAMILY PROPERTIES, LP		MIDLAND	TX	79710	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300113121207	2023-10-12 12:55 PM	10154.001.23906.	CC HALBERT ROYALTIES, LTD.		TYLER	TX	75710	To be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300113121191	2023-10-12 12:55 PM	10154.001.23906.	HALBERT OIL AND GAS PROPERTIES, LLC		TYLER	TX	75710	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-23 1:53 PM
9314869904300113121184	2023-10-12 12:55 PM	10154.001.23906.	STATE OF NEW MEXICO, BY AND THROUGH ITS	Commissioner of Public Lands	SANTA FE	NM	87504	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-16 7:30 AM
9314869904300113121177	2023-10-12 12:55 PM	10154.001.23906.	REALEZA DEL SPEAR, LP		MIDLAND	TX	79702	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-18 1:42 PM
9314869904300113121160	2023-10-12 12:55 PM	10154.001.23906.	RANDY LEE CONE		ANCHORAGE	AK	99523	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-17 11:48 AM
9314869904300113121153	2023-10-12 12:55 PM	10154.001.23906.	LFN CONE PROPERTIES, LLC		AUSTIN	TX	78708	Undelivered - To Be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300113121146	2023-10-12 12:55 PM	10154.001.23906.	LARRY LONG, TRUSTEE OF THE LONG TRUSTS		KILGORE	TX	75663	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-18 10:08 AM
9314869904300113121139	2023-10-12 12:55 PM	10154.001.23906.	HOG PARTNERSHIP LP		DALLAS	TX	75235	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-16 1:22 PM
9314869904300113121122	2023-10-12 12:55 PM	10154.001.23906.	GEORGE LYNN SIMS		MAYHILL	NM	88339	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-21 10:32 AM
9314869904300113121115	2023-10-12 12:55 PM	10154.001.23906.	FEATHERSTONE DEVELOPMENT CORPORATION		ROSWELL	NM	88201	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-17 10:33 AM
9314869904300113121108	2023-10-12 12:55 PM	10154.001.23906.	ELIZABETH LEA DAUGHERTY REVOCABLE TRUST	Under Agreement dated 3-22-12	FORT WORTH	TX	76113	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-16 6:07 AM
9314869904300113121092	2023-10-12 12:55 PM	10154.001.23906.	COPPERHEAD RESOURCES LLC		MIDLAND	TX	79708	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300113121085	2023-10-12 12:55 PM	10154.001.23906.	CHEVRON USA INC		HOUSTON	TX	77002	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300113121078	2023-10-12 12:55 PM	10154.001.23906.	Charles Andrew Spradlin, Executor of the Estate of	Billy Glen Spradlin, deceased	GRAND PRAIRIE	TX	75052	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300113121061	2023-10-12 12:55 PM	10154.001.23906.	CATHIE CONE MCCOWN, AS ATTORNEY IN FACT	Kenneth G. Cone	Dripping Springs	TX	78620	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-18 10:49 AM
9314869904300113121054	2023-10-12 12:55 PM	10154.001.23906.	CAT LEGACY PROPERTIES LLC		CELINA	TX	75009	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300113121047	2023-10-12 12:55 PM	10154.001.23906.	BON VIVANT, LLC		HOBBS	NM	88241	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-19 10:06 AM
9314869904300113121030	2023-10-12 12:55 PM	10154.001.23906.	Bank of Oklahoma, Trustee of Kathleen Cone Trust	FBO Children of Tom R. Cone	TULSA	OK	74101	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-17 12:00 AM
9314869904300113121023	2023-10-12 12:55 PM	10154.001.23906.	A & P FAMILY LIMITED PARTNERSHIP		EUNICE	NM	88731	Delivered	Return Receipt - Electronic, Certified Mail	2023-10-18 9:27 AM



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. 23906: Notice to all affected parties, as well as heirs and devisees of: A&P Family Limited Partnership; Bank of Oklahoma, NA, Successor Trustee of the Kathleen Cone Testamentary Trust FBO the Children of Tom R. Cone; Bon Vivant, LLC; Cat Legacy Properties, LLC; Cathie Cone McCown, as attorney in fact Kenneth G. Cone; Charles Andrew Spradlin, Independent Executor of the Estate of Billy Glenn Spradlin, deceased; Chevron USA, Inc.; Copperhead Resources LLC; Elizabeth Lea Daugherty Revocable Trust under agreement dated March 22, 2012; Featherstone Development Corporation; George Lynn Sims; HOG Partnership LP; Larry Long, Trustee of the Long Trusts; LFN Cone Properties, LLC; Randy Lee Cone; Realeza Del Spear, LP; State of New Mexico, by and through its Commissioner of Public Lands; Halbert Oil and Gas Properties, LLC; CC Halbert Royalties, LTD; John & Theresa Hillman Family Properties, LP; Manix Royalty Ltd.; Black Shale Minerals, LLC; Chisos Ltd. 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/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 400-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 SW/4 of Section 24 and the E/2 W/2 of Sections 25 and 36, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Sun State Com 502H** 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 18 miles southwest of Hobbs, New Mexico.
#00283824

01104570

00283824

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

EXHIBIT
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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. 23906

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 **Sun State Com 502H well**, which will target the Second Bone Spring.

7. **Exhibit C.3** is a structure map of the Second Bone Spring formation. The proposed spacing unit is identified by a pink box. The Sun State Com 502H 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 four wells in the vicinity of the proposed Sun State Com 502H 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 Second 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 Second Bone Spring formation increases slightly to the southeast.

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

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 induced 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

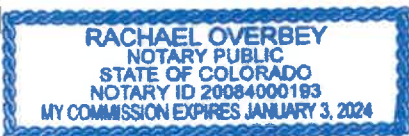
[Signature]
Ben Kessel

State of Colorado

County of Denver

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

[Stamp]



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

My Commission Expires: 1/3/2024



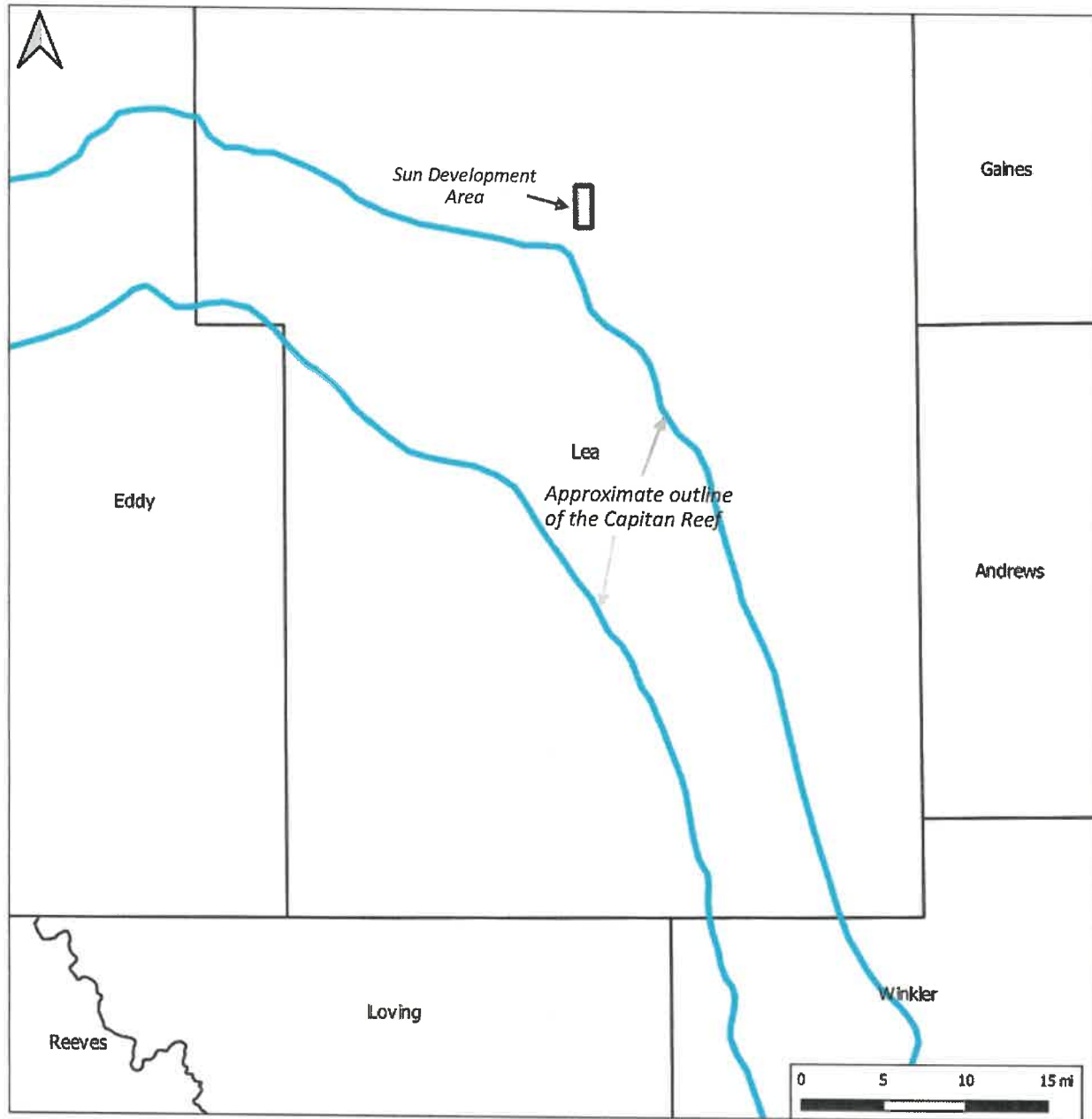
Sun State Com 502H

Case No.

Bone Spring

Sun Development

Locator Map



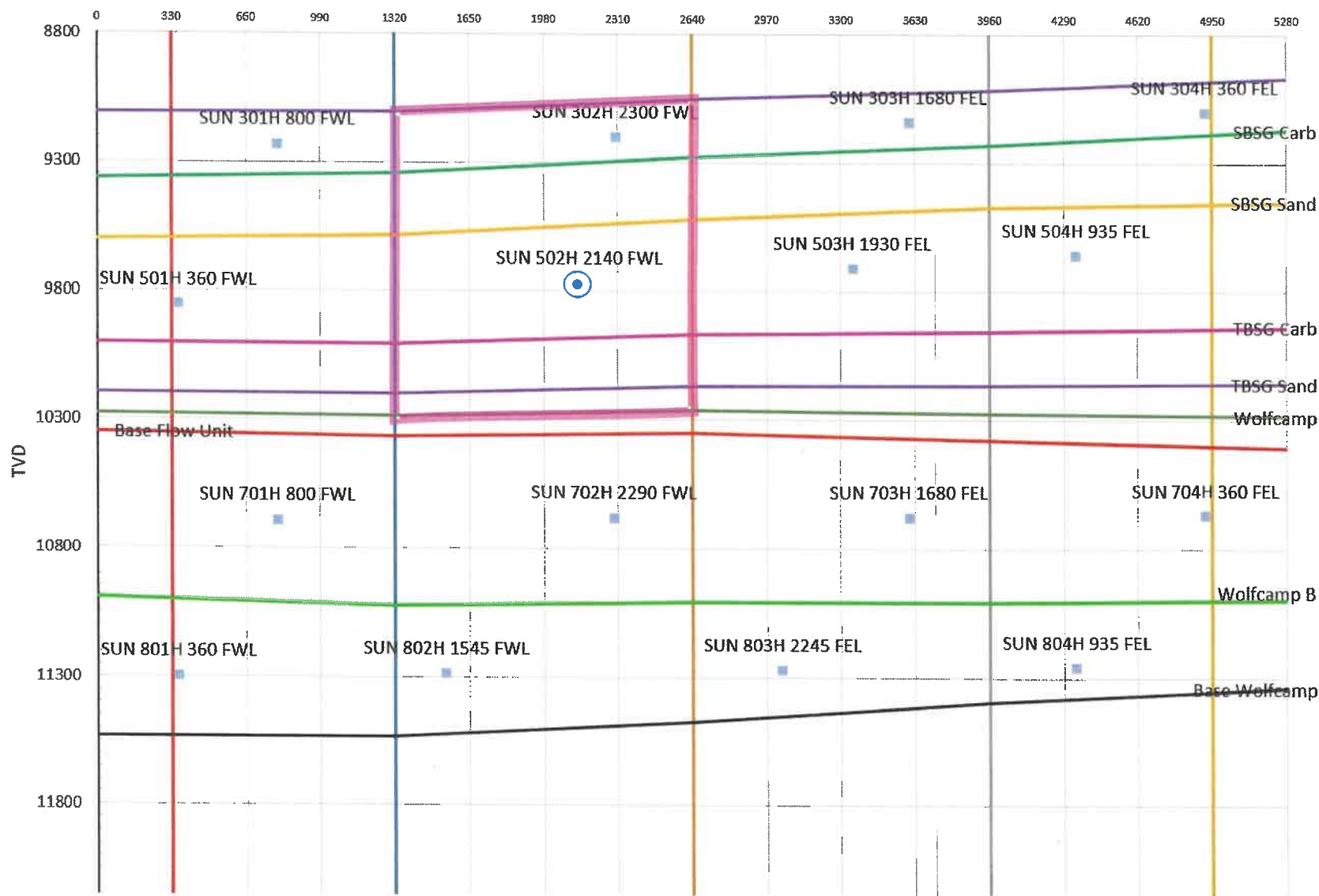
- Black box shows the location of Sun development area
- Planned wells are located outside of the eastern edge of the Capitan Reef



Wellbore Schematic



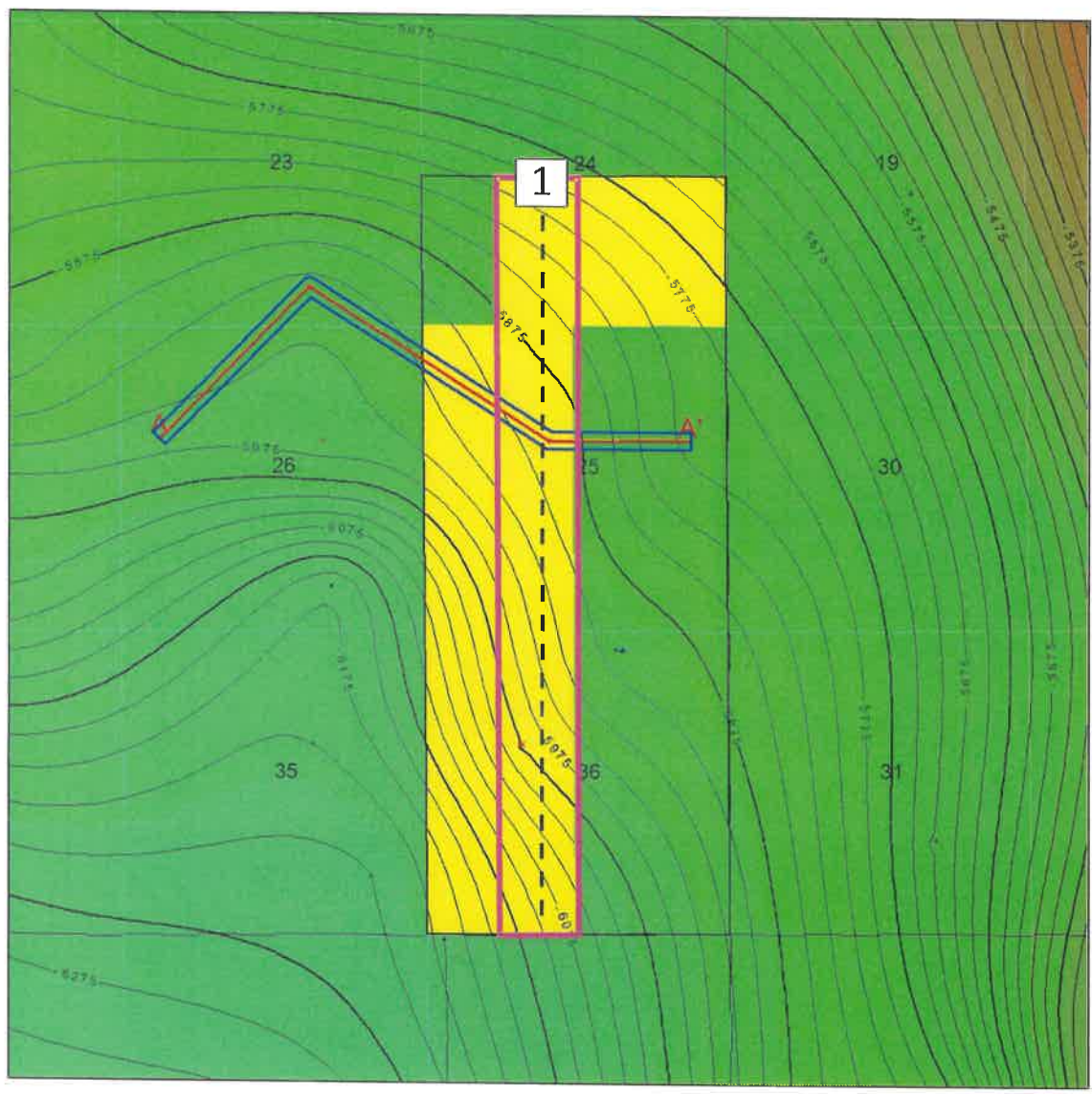
19S 35E Section 24-Looking North
Distance FWL



Proposed Lateral Bone Spring Spacing Unit

EXHIBIT
C-2

Second Bone Spring Structure



- Franklin Mountain Acreage
- Bone Spring Spacing Unit
- Proposed Horizontal Location
- 1 Sun State Com 502H

All wells shown

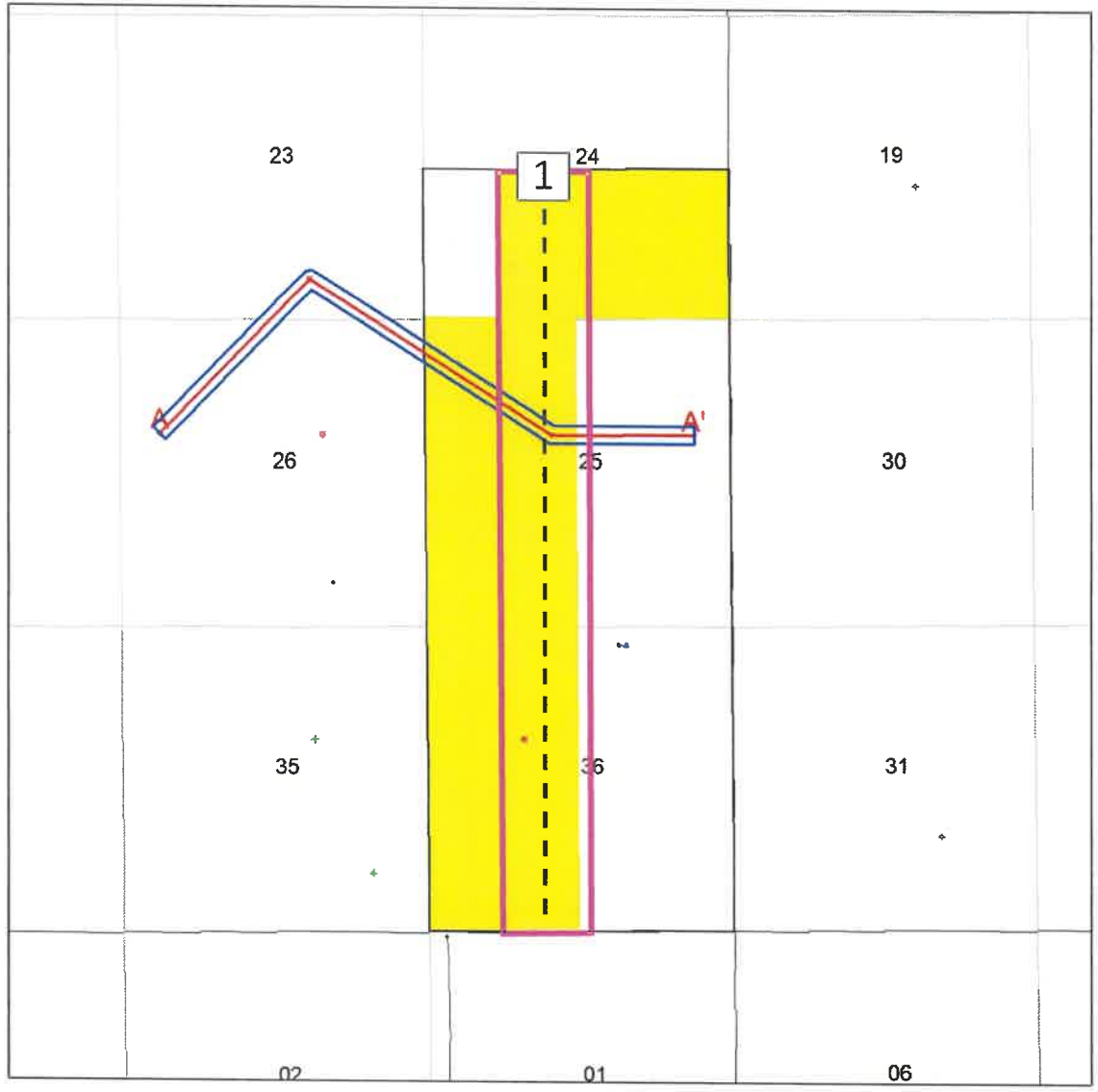
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
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EXHIBIT

C-3

Cross Section Reference Map



-  Franklin Mountain Acreage
-  Bone Spring Spacing Unit
-  Proposed Horizontal Location
-  Sun State Com 502H

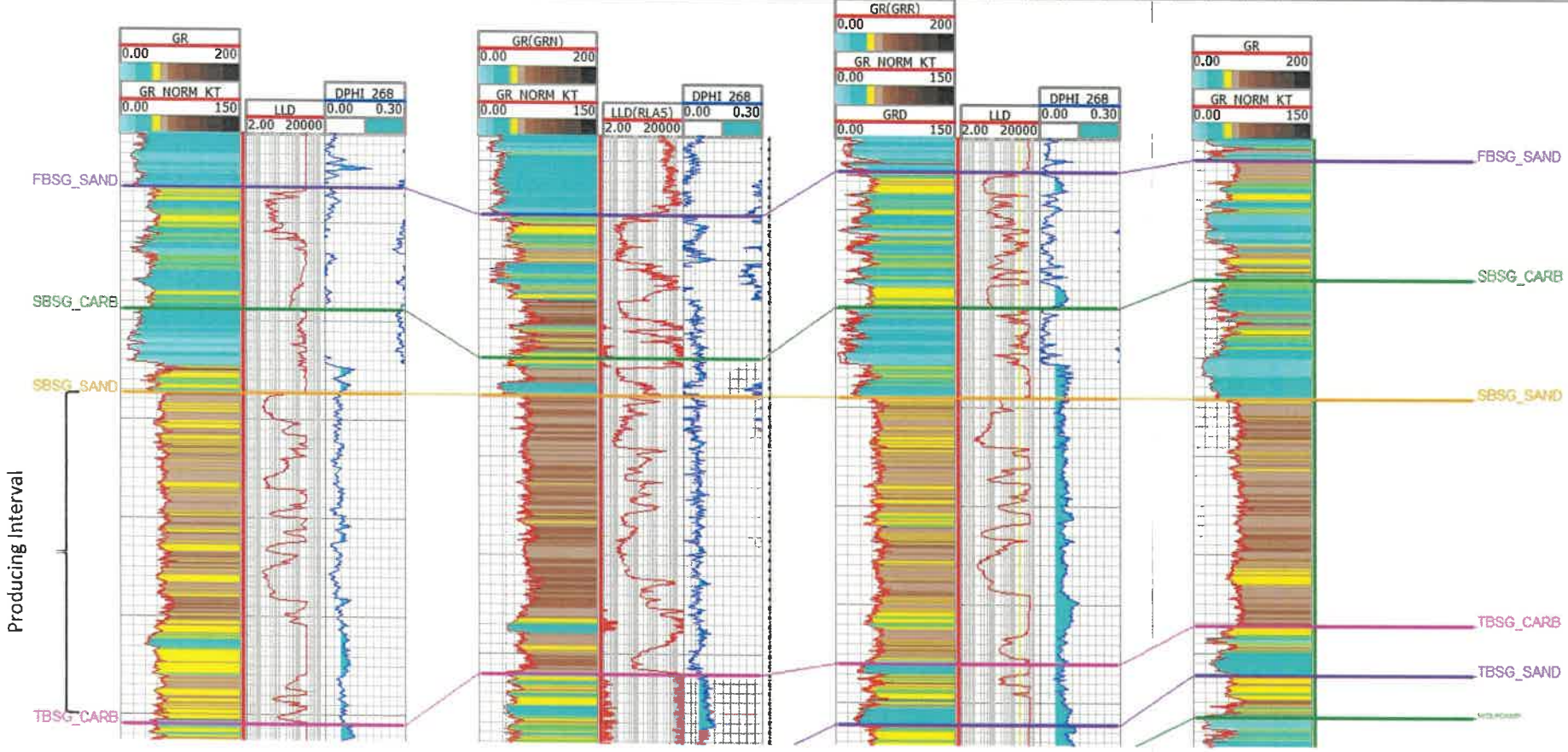
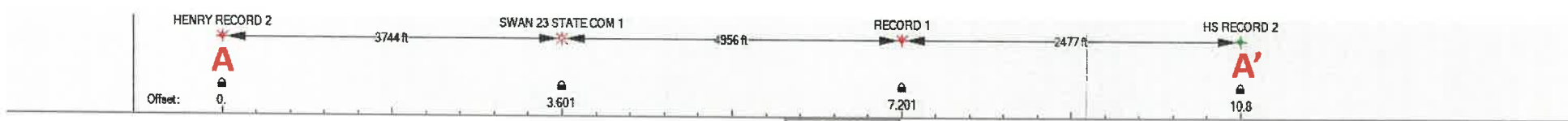
All wells shown

1 mile

EXHIBIT
C-4

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

Second Bone Spring Cross Section



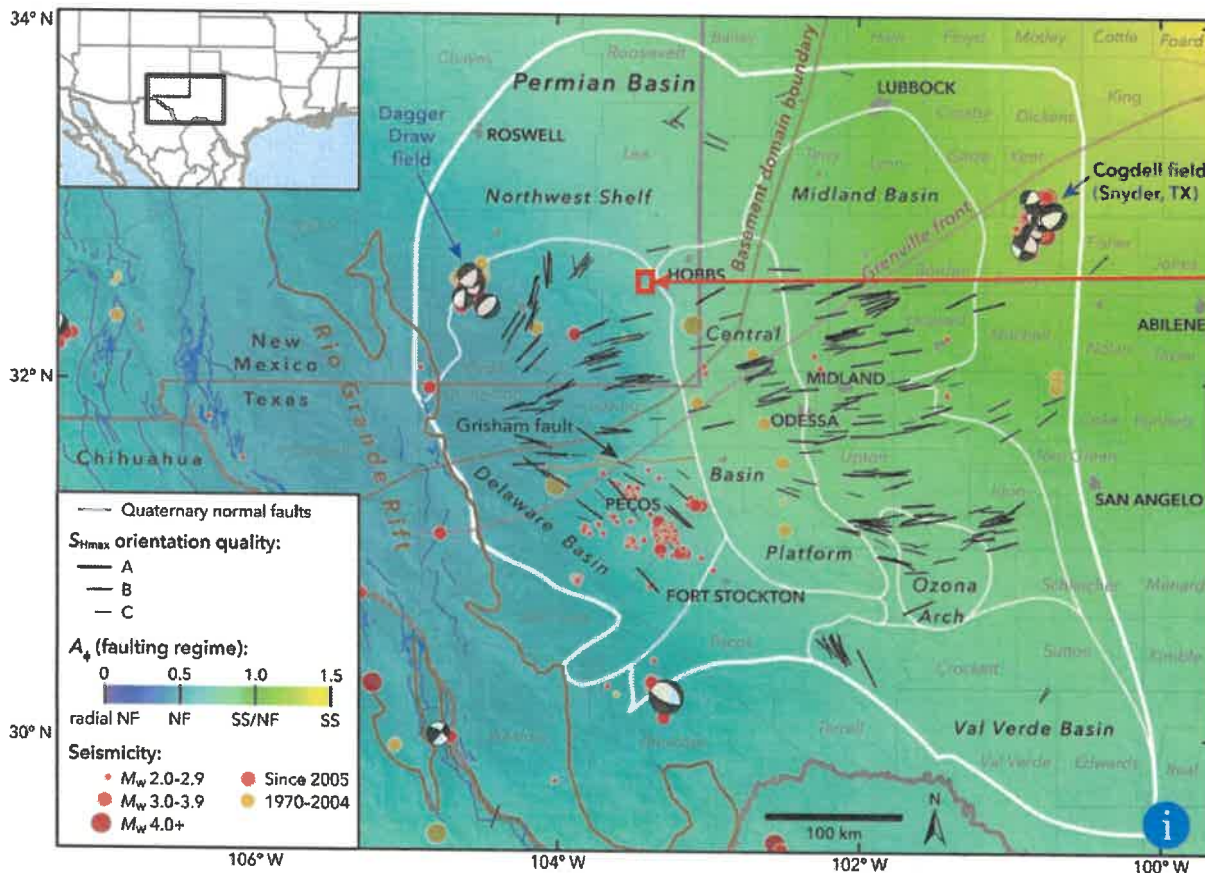
502H

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EXHIBIT

C-5

Regional Stress



- Red box shows the approximate location of the Sun development
- Reported local S_{Hmax} (Snee and Zoback, 2018) direction is ENE, around 255°
- The Sun State Com 502H 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

