

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

**APPLICATIONS OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING
AND, TO THE EXTENT NECESSARY, APPROVAL
OF OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO**

**Case Nos. 24348, 24350-24355,
24362**

**APPLICATIONS OF MRC PERMIAN COMPANY
FOR APPROVAL OF AN OVERLAPPING HORIZONTAL
WELL SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 24327-24334

CONSOLIDATED PRE-HEARING STATEMENT

Franklin Mountain Energy 3, LLC (“Franklin”) submits this Consolidated Pre-Hearing Statement for the above-referenced cases pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

FRANKLIN MOUNTAIN ENERGY 3, LLC

OTHER PARTIES

MRC Permian Company and
Matador Production Company

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STATEMENT OF CASES

APPLICANT:

In **Case No. 24348**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 323.81-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2E/2 of Section 35, Township 18 South, Range 34 East, and Lot 1, the SE/NE, and E/2SE of Section 2, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Parallel State Com 704H and Parallel State Com 804H wells**, to be horizontally drilled. The Parallel State Com 704H well will be horizontally drilled from a proposed surface hole location in the NE/4NE/4 (Unit A) of Section 35 to a proposed bottom hole location in the SE/4SE/4 (Unit P) of Section 2, and the Parallel State Com 804H will be horizontally drilled from a proposed surface hole location in the NW/4NE/4 (Unit B) of Section 35 to a proposed bottom hole location in the SE/4SE/4 (Unit P) of Section 2. The producing area for the wells is expected to be orthodox. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. The spacing unit proposed in this application will partially overlap a proposed 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2E/2 of Sections 23 and 26, and the NE/NE of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico, dedicated to Franklin’s proposed Gold State Com 704 and 804H wells. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

In **Case No. 24350**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 323.91-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2E/2 of Section 35, Township 18 South, Range 34 East, and Lot 2, the SW/NE, and W/2SE of Section 2, Township 19 South, Range 34 East, N.M.P.M.,

Lea County, New Mexico. This spacing unit will be dedicated to the **Parallel State Com 303H and Parallel State Com 503H wells**, to be horizontally drilled from proposed surface hole locations in the NE/4NE/4 (Unit A) of Section 35 to proposed bottom hole locations in the SW/4SE/4 (Unit O) of Section 2, and the producing area for the wells is expected to be orthodox. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed spacing unit in this case will partially overlap the following existing spacing units: A 160-acre Bone Spring horizontal well spacing unit comprised of the N/2S/2 of Section 35 dedicated to Franklin Mountain's Butter Cup 35 State Com 2H well (API 30-05-40642); a 160-acre Bone Spring horizontal well spacing unit comprised of the S/2S/2 of Section 35 dedicated to Franklin Mountain's Butter Cup 35 State Com 1H well (API 30-05-40634); and a 163.92-acre horizontal well spacing unit comprised of the W2E2 of Section 2 dedicated to Matador Production Company's King Cobra 2 State #002H (API 30-025-41060). Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

In **Case No. 24351**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 323.81-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2E/2 of Section 35, Township 18 South, Range 34 East, and Lot 1, the SE/NE, and E/2SE of Section 2, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Parallel State Com 304H and Parallel State Com 504H wells**, to be horizontally drilled from proposed surface hole locations in the NE/4NE/4 (Unit A) of Section 35 to proposed bottom hole locations in the SE/4SE/4 (Unit P) of Section 2, and the producing area for the wells is expected to be orthodox. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed spacing unit in this case will partially overlap the following existing Bone Spring spacing units: A 160-acre Bone Spring horizontal well spacing unit comprised of the N/2S/2 of Section 35 dedicated to Franklin Mountain's Butter Cup 35 State Com 2H well (API 30-05-40642); a 160-acre Bone Spring horizontal well spacing unit comprised of the S/2S/2 of Section 35 dedicated to Franklin Mountain's Butter Cup 35 State Com 1H well (API 30-05-40634); and a 160-acre horizontal well spacing unit comprised of the E2E2 of Section 2 dedicated to Matador Production Company's King Cobra 2 State #001H (API 30-025-40388). Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

In **Case No. 24352**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 280-acre, more or less, Bone Spring horizontal

spacing unit comprising the E/2/SW of Section 23, the E/2W/2 of Section 26, and the NE/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Gold State Com 502H and Gold State Com 602H wells**, to be horizontally drilled from proposed surface hole locations in the NE/4NW/4 (Unit C) of Section 35 to proposed bottom hole locations in the NE/4SW/4 (Unit K) of Section 23, and the producing area for the wells is expected to be orthodox. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. The spacing unit proposed in this application will partially overlap a proposed 324.02-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2W/2 of Section 35, Township 18 South, Range 34 East, and Lot 3, the SE/NW, and E/2SW of Section 2 (the equivalent of the E/2W/2 of Section 2), Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico, dedicated to Franklin's proposed Parallel State Com 302H and Parallel State Com 502H wells. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

In **Case No. 24353**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 324.13-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2W/2 of Section 35, Township 18 South, Range 34 East, and Lot 4, the SW/NW, and W/2SW of Section 2, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Parallel State Com 701H and Parallel State Com 801H wells**, to be horizontally drilled from proposed surface hole locations in the NE/4NW/4 (Unit C) of Section 35 to proposed bottom hole locations in the SW/4SW/4 (Unit M) of Section 2, and the producing area for the wells is expected to be orthodox. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed horizontal spacing unit will partially overlap a 280-acre horizontal spacing unit W/2SW/4 of Section 23, the W/2W/2 of Section 26, and the NW/4NW/4 of Section 35, Township 18 South, Range 34 East dedicated to Franklin Mountain Energy 3, LLC's Gold State Com 701H well (API 30-0025-51668) and Gold State 801H (API 30-0025-51669) wells. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

In **Case No. 24354**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 324.13-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2W/2 of Section 35, Township 18 South, Range 34 East, and Lot 4, the SW/NW, and W/2SW of Section 2, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Parallel State Com 301H and Parallel State Com 501H wells**, to be horizontally drilled, from a proposed surface hole

location in the NE/4NW/4 (Unit C) of Section 35 to a proposed bottom hole location in the SW/4SW/4 (Unit M) of Section 2. The producing area for the wells is expected to be orthodox. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed horizontal spacing unit will partially overlap a 280-acre horizontal spacing unit W/2SW/4 of Section 23, the W/2W/2 of Section 26, and the NW/4NW/4 of Section 35, Township 18 South, Range 34 East dedicated to Franklin Mountain Energy 3, LLC's Gold State Com 301H well (API 30-0025-51666) and Gold State 601H (API 30-0025-51667) wells. Franklin's proposed spacing unit in this case will also partially overlap the following Bone Spring spacing units: A 160-acre Bone Spring horizontal well spacing unit comprised of the N/2S/2 of Section 35 dedicated to Franklin Mountain's Butter Cup 35 State Com 2H well (API 30-05-40642); a 160-acre Bone Spring horizontal well spacing unit comprised of the S/2S/2 of Section 35 dedicated to Franklin Mountain's Butter Cup 35 State Com 1H well (API 30-05-40634); and a 164.13-acre Bone Spring horizontal well spacing unit comprised of the W2W2 of Section 2 dedicated to Franklin Mountain's Playa 2 State #002H (API 30-025-40549). Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

In **Case No. 24355**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 324.02-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2W/2 of Section 35, Township 18 South, Range 34 East, and Lot 3, the SE/NW, and E/2SW of Section 2, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Parallel State Com 302H and Parallel State Com 502H wells**, to be horizontally drilled from proposed surface hole locations in the NE/4NW/4 (Unit C) of Section 35 to proposed bottom hole locations in the SE/4SW/4 (Unit N) of Section 2, and the producing area for the wells is expected to be orthodox. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. The spacing unit proposed in this application will partially overlap a proposed 280-acre more or less Bone Spring spacing unit comprising the E/2/SW of Section 23, the E/2W/2 of Section 26, and the NE/NW of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico, dedicated to Franklin's proposed Gold State Com 502 and 602H wells. The spacing unit proposed in this application will partially overlap existing Bone Spring spacing units as follows: A 160-acre Bone Spring horizontal well spacing unit comprised of the N/2S/2 of Section 35 dedicated to Franklin Mountain's Butter Cup 35 State Com 2H well (API 30-05-40642); a 160-acre Bone Spring horizontal well spacing unit comprised of the S/2S/2 of Section 35 dedicated to Franklin Mountain's Butter Cup 35 State Com 1H well (API 30-05-40634); and a 164.02-acre Bone Spring horizontal well spacing unit comprised of the E2W2 of Section 2 dedicated to Franklin Mountain's Playa 2 State #001H (API 30-025-40405). Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a

200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

In **Case No. 24362**, Franklin Mountain Energy 3, LLC seeks an order from the Division pooling all uncommitted mineral interests within a 323.91-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2E/2 of Section 35, Township 18 South, Range 34 East, and Lot 2, the SW/NE, and W/2SE of Section 2, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Parallel State Com 703H and Parallel State Com 803H wells**, to be horizontally drilled and the producing area for the wells is expected to be orthodox. The Parallel State Com 703H well will be horizontally drilled from a proposed surface hole location in the NE/4NE/4 (Unit A) of Section 35 to a proposed bottom hole location in the SW/4SE/4 (Unit O) of Section 2, and the Parallel State Com 803H well will be horizontally drilled from a proposed surface hole location in the NW/4NE/4 (Unit B) of Section 35 to a proposed bottom hole location in the SW/4SE/4 (Unit O) of Section 2. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. The spacing unit proposed in this application will partially overlap a 360-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2E/2 of Sections 23 and 26, and the NW/NE of Section 35, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico dedicated to Franklin’s proposed Gold State Com 703H and Gold State Com 803H wells. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles west of Hobbs, New Mexico.

PROPOSED EVIDENCE

APPLICANT:

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Don Johnson	Approx. 15 minutes	Approx. 25
Geologist: Ben Kessel	Approx. 15 minutes	Approx. 15

PROCEDURAL ISSUES

MRC Permian Company (“MRC”) has now withdrawn its objection to FME3’s Gold State Com cases and FME3 intends to present these cases as uncontested affidavit cases. MRC has not yet dismissed its competing cases in Case Nos. 24327-24334 and so FME3 is filing its exhibits in the MRC cases for completeness.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
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By: /s/ Deana M. Bennett

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on June 19, 2024.

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 356088

QUESTIONS

Operator: Franklin Mountain Energy 3, LLC 44 Cook Street Denver, CO 80206	OGRID: 331595
	Action Number: 356088
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	2
Testimony time (in minutes)	20