



Before the Oil Conservation Division
Examiner Hearing February 13th, 2025

Compulsory Pooling

Case No. 25162

Order No. R-23031

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC TO AMEND ORDER NO. R-23031
FOR THE LIMITED PURPOSE OF ADDING
ADDITIONAL POOLED PARTIES,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25162
ORDER NO. R-23031**

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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SELF-AFFIRMED STATEMENT OF DON JOHNSON

Don Johnson hereby states and declares as follows:

1. I am employed by Franklin Mountain Energy 3, LLC (“FME3”) as a landman. I am over the age of 18, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement.

2. I have previously testified before the New Mexico Oil Conservation Division (“Division”), and my credentials as an expert in petroleum land matters were accepted as a matter of record.

3. I am familiar with the application filed by FME3 in this case and with the land matters involved in this case. A copy of the application, which includes the proposed hearing notice, is attached as **Exhibit A-1**.

4. On January 31, 2024, the Division entered Order No. R-23031 (“Order”) in Case No. 23965, which pooled uncommitted interests in the Bone Spring formation underlying a 800-acre, more or less, standard horizontal spacing unit comprised of the W/2 SW/4 of Section 1, the W/2 W/2 of Sections 12 and 13, and the E/2 SE/4 of Section 2, the E/2 E/2 of Section 11 and 14, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico (“Unit”), dedicated to the Blue Box Fed Com 505H well (“Well”). FME3 was designated as operator of the Unit and Well.

**Franklin Mountain Energy 3, LLC
Case No. 25162
Exhibit A**

5. A copy of the Order is attached as **Exhibit A-2**.
6. Since the Order was entered, FME3 has identified additional uncommitted mineral interests in the Unit that have not been pooled under the terms of the Order.
7. **Exhibit A-3** identifies the additional interest owners FME3 seeks to pool in this case, including the nature and percentage of ownership.
8. **Exhibit A-4** is a sample well proposal letter and AFE sent to the interest owners FME3 seeks to pool in this case. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.
9. **Exhibit A-5** is a summary of contacts with the additional parties FME3 seeks to pool.
10. In my opinion, FME3 made a good faith effort to obtain voluntary joinder in the proposed wells.
11. FME3 requests overhead and administrative rates of \$9,000.00/month for drilling a well and \$900.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. FME3 requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
12. FME3 requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
13. None of the additional parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

14. FME3 requests the additional uncommitted mineral interest owners be pooled under the terms of the Order.

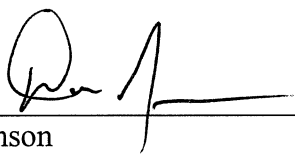
15. In my opinion, the granting of this application is in the interests of conservation and the prevention of waste.

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

17. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico.

[Signature page follows]

Dated: February 3rd, 2025



Don Johnson

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC TO AMEND ORDER NO. R-23031
FOR THE LIMITED PURPOSE OF ADDING
ADDITIONAL POOLED PARTIES,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25162
ORDER NO. R-23031**

APPLICATION

Franklin Mountain Energy 3, LLC (“FME3”), OGRID Number 331595, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for the limited purpose of amending Order No. R-23031 (the “Order”) to pool additional parties under the Order. In support of this application, FME3 states:

1. FME3 is an interest owner in the subject lands and has a right to drill a well thereon.
2. Order R-23031 was issued in Case No. 23965. Pursuant to Order No. R-23031, FME3 is the operator of a standard 800-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 SW/4 of Section 1, the W/2 W/2 of Sections 12 and 13, and the E/2 SE/4 of Section 2, the E/2 E/2 of Section 11 and 14, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.
3. The Order pooled uncommitted interest owners in the spacing unit described above.
4. Since the entry of the Order, FME3 has identified additional interest owners that it seeks to pool under the Order and include under the Order’s terms.

**Franklin Mountain Energy 3, LLC
Case No. 25162
Exhibit A-1**

5. FME3 sought, but has been unable to obtain, a voluntary agreement from the additional interest owners FME3 seeks to pool in this case to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. 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, FME3 requests this application be set for hearing before an Examiner of the Oil Conservation Division on February 13, 2025 and after notice and hearing as required by law, the Division enter its order:

- A. Amending Order No. R-23031 to include additional pooled parties under Order No. R-23031's terms; and
- B. Incorporating all of the provisions of Order No. R-23031.

Respectfully submitted,

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

By: 

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Attorneys for Franklin Mountain Energy 3, LLC

CASE NO. 25162 : Application of Franklin Mountain Energy 3, LLC to Amend Order No. R-23031 for the Limited Purpose of Adding Additional Pooled Parties, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-23031 to pool additional parties under Order No. R-23031. Order R-23031 was issued in Case No. 23965 and pooled uncommitted interest owners in a standard 800-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 SW/4 of Section 1, the W/2 W/2 of Sections 12 and 13, and the E/2 SE/4 of Section 2, the E/2 E/2 of Section 11 and 14, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. Said area is located approximately 18 miles west of Hobbs, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
FRANKLIN MOUNTAIN ENERGY 3, LLC**

**CASE NO. 23965
ORDER NO. R-23031**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 7, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Franklin Mountain Energy 3, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

**Franklin Mountain Energy 3, LLC
Case No. 25162
Exhibit A-2**

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
21. This Order shall terminate automatically if Operator fails to comply with Paragraph 20 unless Operator obtains an extension by amending this Order for good cause shown.
22. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
23. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

- 30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 30 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



DYLAN M FUGE
DIRECTOR (ACTING)
 DMF/hat

Date: 1/31/2024

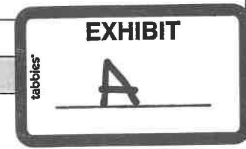
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Exhibit A

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COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23965	APPLICANT'S RESPONSE
Date	December 7, 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	Blue Box
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	WC-025 G-07 S193513B; Bone Spring Pool (CODE 97926); Pearl; Bone Spring Pool (CODE 49680); and the Scharb; Bone Spring Pool (CODE 55610)
Well Location Setback Rules:	State-Wide Rules Apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	800-acres
Building Blocks:	40-acre (WC-025 G-07 S193513B; Bone Spring Pool and the Pearl; Bone Spring Pool) 80-acre (Scharb; Bone Spring Pool) (Note: OCD pool code spreadsheet states that the Scharb; Bone Spring Pool has 80-acre building blocks, which is likely superseded by statewide rules. In any event, even with the 80-acre building blocks, the unit is standard.)
Orientation:	North/South
Description: TRS/County	W/2SW/4 of Section 1, the W/2W/2 of Sections 12 and 13, and the E/2SE/4 of Section 2, the E/2E/2 of Sections 11 and 14, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes.
Other Situations	
Depth Severance: Y/N. If yes, description	N/A
Proximity Tracts: If yes, description	Yes. The completed interval for the Blue Box Fed Com 505H well is expected to be less than 330' from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.
Proximity Defining Well: if yes, description	Blue Box Fed Com 505H
Applicant's Ownership in Each Tract	See Exhibit B.3
Well(s)	



OCD Examiner Hearing 12-7-23
Case No. 23965

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Received by OCD: 2/5/2025 2:02:17 PM Assigned, surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) Well #1: Blue Box Fed Com 505H	Add wells as needed SHL: 2126' FSL & 260' FEL, Section 2, T19S, R35E BHL: 100' FSL & 100' FWL, Section 13, T19S, R35E Completion Target: Second Bone Spring (Approx. 9,417' TVD)
Horizontal Well First and Last Take Points	See Exhibit B.2
Completion Target (Formation, TVD and MD)	See Exhibit B.6
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$9,000.00
Production Supervision/Month \$	\$900.00
Justification for Supervision Costs	See Exhibit B Paragraph 26
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit D
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
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.5
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit B.6
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.6
Cost Estimate to Drill and Complete	Exhibit B.7
Cost Estimate to Equip Well	Exhibit B.7
Cost Estimate for Production Facilities	Exhibit B.7
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C.1
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.2
Well Orientation (with rationale)	Exhibit C.7
Target Formation	Exhibit C.3 to C.6
HSU Cross Section	Exhibit C.4

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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):	<u>/s/ Deana M. Bennett</u>	
Date:	12/5/2023	

OCD Examiner Hearing 12-7-23

Case No. 23965

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Franklin Blue Box Order No. R-23031: Additional Interests Owners to be Pooled		
Name	% Interest	Interest Type
Deborah H. Wachsmuth GST Trust	0.09375%	Working Interest Owner
Jack P. Hooper GST Trust	0.09375%	Working Interest Owner
Michael T. Hooper GST Trust	0.09375%	Working Interest Owner
Robert G. Hooper GST Trust	0.09375%	Working Interest Owner

**Franklin Mountain Energy 3, LLC
Case No. 25162
Exhibit A-3**



Sent via USPS: 9405536208070171145365

October 15, 2024

Deborah H. Wachsmuth GST Trust
 PO BOX 17006
 SAN ANTONIO, TX 78217
 Attn: Land Dept, Permian Basin

RE: **Well Proposals**
 Township 19 South, Range 35 East
 Section 1: W2SW
 Section 2: E2SE
 Section 11: E2E2
 Section 12: W2W2
 Section 13: W2W2
 Section 14: E2E2
 Bone Spring Formation
 Lea County, New Mexico
 800.00 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
Blue Box Fed Com 505H	2BS	9,417'	21,917'	Sec 2-T19S-R35E 2330 FSL 260 FEL	Sec 13-T19S-R35E 100 FSL 100 FEL	\$11,434,156.29	N/A

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

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



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

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

Please indicate your election in the space provided on the following page, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate, FME3 proposes a term assignment 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 Jon Rutledge 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 (303) 709-7007.

Respectfully,

Franklin Mountain Energy 3, LLC



Jon Rutledge
Landman



Blue Box Fed Com 505H:

_____ I/We hereby elect to participate in the **Blue Box Fed Com 505H** well.

_____ I/We hereby elect **NOT** to participate in the **Blue Box Fed Com 505H** well.

Owner: Deborah H. Wachsmuth GST Trust

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: Blue Box Fed Com 505H
Location: SHL: Sec 2-T19S-R35E 2330 FSL 260 FEL
 BHL: Sec 13-T19S-R35E 100 FSL 100FEL
Operator: Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 12,500' 2BS well.
 TVD 9,417', MD 21,917'

Well #: 505H
County/State: Lea Co., NM
Date Prepared: 8/30/2023
AFE #: DCE230832

Intangible Drilling Costs			
Major	Minor	Description	Amount
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	\$525,200
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 TOOLS/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	\$20,000
225	150	POWER FUEL & WATER HAULING	\$160,000
225	155	RIG MOVE & RACKING COSTS	\$130,000
225	160	RIG UP TEAR OUT & STANDBY	\$0
225	163	SITE RESTORATION	\$10,000
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	\$125,417
225	35	CONTINGENCY COSTS 5%	\$114,015
Total Intangible Drilling Costs:			\$2,519,732

Intangible Completion Costs			
Major	Minor	Description	Amount
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	\$477,050
240	75	FUEL, POWER/DIESEL	\$550,000
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/WIRELINE SERVICE	\$269,384
240	120	PIPE INSPECTION	\$0
240	125	ROAD, LOCATIONS REPAIRS	\$2,000
240	130	STIMULATION	\$2,655,240
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	\$57,725
240	160	WELDING SERVICES	\$0
240	165	WELL TESTING/FLOWBACK	\$165,000
240	148	TAXES	\$276,410
240	40	CONTINGENCY COSTS 5%	\$251,282
Total Intangible Completion Costs:			\$5,553,338

Tangible Drilling Costs			
Major	Minor	Description	Amount
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,758
230	20	PACKERS/SLEEVES/PLUGS	\$66,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,049,896
230	35	SURFACE CASING & ATTACHMENTS	\$169,740
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000
230	40	TAXES	\$84,117
Total Tangible Drilling Costs:			\$1,613,510

Tangible Completion Costs			
Major	Minor	Description	Amount
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:			\$548,600

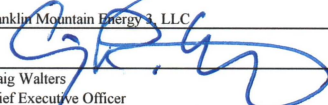
Tangible Facility Costs			
Major	Minor	Description	Amount
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000
270	15	CONTAINMENT	\$0
270	25	DEHYDRATION	\$0
270	30	PRIMARY POWER MATERIALS	\$56,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000
270	60	H2S TREATING EQUIPMENT	\$0
270	65	SEPARATION EQUIPMENT	\$125,000
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	EI&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:			\$1,067,224

Intangible Facility Costs			
Major	Minor	Description	Amount
265	5	CONSULTING	\$18,100
265	12	COMPANY DIRECT LABOR	\$0
265	20	DAMAGES/ROW/PERMITS, ETC	\$24,000
265	22	PAD/ROAD 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:			\$131,053

Office Use Only:

Total Drill:	\$4,133,241.85
Total Completion:	\$6,101,937.68
Total Facility:	\$1,198,976.75
Total DC Intangible:	\$8,073,069.18
Total DC Tangible:	\$2,162,110.35
Total AFE:	\$11,434,156.29

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

Operator: Franklin Mountain Energy 3, LLC
 Approved By: 
 Craig Walters
 Chief Executive Officer

Date: 8/30/2023

WI Owner: _____
 Approved By: _____
 Printed Name: _____

Date: _____
 Title: _____

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

Summary of Contacts (Case No. 25162)

- 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 October 15, 2024.
- 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
Deborah H. Wachsmuth GST Trust	WI	10/15/2024	10/19/2024	Received email inquiring about proposals. Ongoing email communications
Jack P. Hooper GST Trust	WI	10/15/2024	10/19/2024	
Michael T. Hooper GST Trust	WI	10/15/2024	10/18/2024	Elected not to participate
Robert G. Hooper GST Trust	WI	10/15/2024	10/18/2024	Received phone call regarding proposals

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

**APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC TO AMEND ORDER NO. R-23031
FOR THE LIMITED PURPOSE OF ADDING
ADDITIONAL POOLED PARTIES,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25162
ORDER NO. R-23031**

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 January 23, 2025, attached hereto, labeled Exhibit B.1.
- 2) Exhibit B.2 is the mailing list, which show the notice letters were delivered to the USPS for mailing January 23, 2025.
- 3) Exhibit B.3 is the certified mailing tracking information, which is automatically compiled by CertifiedPro, the software Modrall uses to track the mailings. This spreadsheet shows the names and addresses of the parties to whom notice was sent and the status of the mailing.
- 4) Exhibit B.4 is the Affidavit of Publication from the Hobbs News Sun, confirming that notice of the February 13, 2025 hearing was published on January 28, 2025.
- 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.

**Franklin Mountain Energy 3, LLC
Case No. 25162
Exhibit B**

Dated: February 4, 2025

By: Deana M. Bennett
Deana M. Bennett



MODRALL SPERLING
LAWYERS

January 23, 2025

Deana M. Bennett
505.848.1834
dmb@modrall.com

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

**Re: APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC
TO AMEND ORDER NO. R-23031 FOR THE LIMITED
PURPOSE OF ADDING ADDITIONAL POOLED PARTIES,
LEA COUNTY, NEW MEXICO**

CASE NO. 25162

TO: AFFECTED PARTIES

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

In Case No. 25162, Franklin Mountain seeks an order from the Division for the limited purpose of amending Order No. R-23031 to pool additional parties under Order No. R-23031. Order R-23031 was issued in Case No. 23965 and pooled uncommitted interest owners in a standard 800-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 SW/4 of Section 1, the W/2 W/2 of Sections 12 and 13, and the E/2 SE/4 of Section 2, the E/2 E/2 of Section 11 and 14, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. Said area is located approximately 18 miles west of Hobbs, New Mexico.

The hearing is set for February 13, 2025 beginning at 9:00 a.m. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. 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/>.

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

Franklin Mountain Energy 3, LLC
Case No. 25162
Exhibit B.1

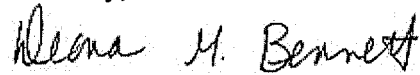
Modrall Spierling
Roehl Harris & Sisk P.A.
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102
PO Box 2168
Albuquerque,
New Mexico 87103-2168
Tel: 505.848.1800
www.modrall.com

Page 2

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 TO AMEND ORDER NO. R-23031
FOR THE LIMITED PURPOSE OF ADDING
ADDITIONAL POOLED PARTIES,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25162
ORDER NO. R-23031

APPLICATION

Franklin Mountain Energy 3, LLC (“FME3”), OGRID Number 331595, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for the limited purpose of amending Order No. R-23031 (the “Order”) to pool additional parties under the Order. In support of this application, FME3 states:

1. FME3 is an interest owner in the subject lands and has a right to drill a well thereon.
2. Order R-23031 was issued in Case No. 23965. Pursuant to Order No. R-23031, FME3 is the operator of a standard 800-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 SW/4 of Section 1, the W/2 W/2 of Sections 12 and 13, and the E/2 SE/4 of Section 2, the E/2 E/2 of Section 11 and 14, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.
3. The Order pooled uncommitted interest owners in the spacing unit described above.
4. Since the entry of the Order, FME3 has identified additional interest owners that it seeks to pool under the Order and include under the Order’s terms.

5. FME3 sought, but has been unable to obtain, a voluntary agreement from the additional interest owners FME3 seeks to pool in this case to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. 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, FME3 requests this application be set for hearing before an Examiner of the Oil Conservation Division on February 13, 2025 and after notice and hearing as required by law, the Division enter its order:

- A. Amending Order No. R-23031 to include additional pooled parties under Order No. R-23031's terms; and
- B. Incorporating all of the provisions of Order No. R-23031.

Respectfully submitted,

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

By: 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 Franklin Mountain Energy 3, LLC

CASE NO. 25162 : Application of Franklin Mountain Energy 3, LLC to Amend Order No. R-23031 for the Limited Purpose of Adding Additional Pooled Parties, Lea County, New Mexico. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-23031 to pool additional parties under Order No. R-23031. Order R-23031 was issued in Case No. 23965 and pooled uncommitted interest owners in a standard 800-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 SW/4 of Section 1, the W/2 W/2 of Sections 12 and 13, and the E/2 SE/4 of Section 2, the E/2 E/2 of Section 11 and 14, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. Said area is located approximately 18 miles west of Hobbs, New Mexico.

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

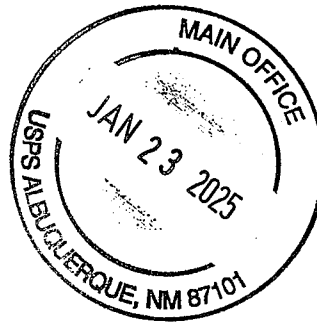
PS Form 3877

Type of Mailing: **CERTIFIED MAIL**
 01/23/2025

Firm Mailing Book ID: 280955

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0130 7355 93	Deborah H. Wachsmuth GST Trust PO BOX 17006 SAN ANTONIO TX 78217	\$1.77	\$4.85	\$2.62	\$0.00	10154.001.bluebox Notice
2	9314 8699 0430 0130 7356 09	Jack P. Hooper GST Trust 5511 E 89TH CT TULSA OK 74137	\$1.77	\$4.85	\$2.62	\$0.00	10154.001.bluebox Notice
3	9314 8699 0430 0130 7356 16	Michael T. Hooper GST Trust 11015 SUNSHINE CT EL PASO TX 79936	\$1.77	\$4.85	\$2.62	\$0.00	10154.001.bluebox Notice
4	9314 8699 0430 0130 7356 23	Robert G. Hooper GST Trust PO BOX 733 ROSWELL NM 88202	\$1.77	\$4.85	\$2.62	\$0.00	10154.001.bluebox Notice
Totals:			\$7.08	\$19.40	\$10.48	\$0.00	
Grand Total:						\$36.96	

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
4			



Franklin Mountain Energy 3, LLC
Case No. 25162
Exhibit B.2

Transaction Report Details - CertifiedPro.net
Firm Mail Book ID= 280955
Generated: 2/3/2025 1:15:35 PM

USPS Article Number	Date Created	Reference Number	Name 1	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300130735623	2025-01-23 2:07 PM	10154.001.bluebox	Robert G. Hooper GST Trust	ROSWELL	NM	88202	Delivered	Return Receipt - Electronic, Certified Mail	2025-01-30 2:03 PM
9314869904300130735616	2025-01-23 2:07 PM	10154.001.bluebox	Michael T. Hooper GST Trust	EL PASO	TX	79936	Delivered	Return Receipt - Electronic, Certified Mail	2025-01-25 1:20 PM
9314869904300130735609	2025-01-23 2:07 PM	10154.001.bluebox	Jack P. Hooper GST Trust	TULSA	OK	74137	Delivered	Return Receipt - Electronic, Certified Mail	2025-01-28 3:53 PM
9314869904300130735593	2025-01-23 2:07 PM	10154.001.bluebox	Deborah H. Wachsmuth GST Tru	SAN ANTONIO	TX	78217	Mailed	Return Receipt - Electronic, Certified Mail	

Franklin Mountain Energy 3, LLC
Case No. 25162
Exhibit B.3

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
January 28, 2025
and ending with the issue dated
January 28, 2025.



Publisher

Sworn and subscribed to before me this
28th day of January 2025.



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
January 28, 2025
CASE NO. 25162: Notice to all affected parties, as well as heirs and devisees of: Deborah H. Wachsmuth GST Trust; Jack P. Hooper GST Trust; Michael T. Hooper GST Trust; Robert G. Hooper GST Trust of the Application of Franklin Mountain Energy 3, LLC to Amend Order No. R-23031 for the Limited Purpose of Adding Additional Pooled Parties, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a status conference at 9:00 a.m. on **February 13, 2025** to consider this application. The conference will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via a virtual meeting platform. 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/>. Applicant seeks an order from the Division for the limited purpose of amending Order No. R-23031 to pool additional parties under Order No. R-23031. Order R-23031 was issued in Case No. 23965 and pooled uncommitted interest owners in a standard 800-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2 SW/4 of Section 1, the W/2 W/2 of Sections 12 and 13, and the E/2 SE/4 of Section 2, the E/2 E/2 of Section 11 and 14, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. Said area is located approximately 18 miles west of Hobbs, New Mexico. #00297770

01104570

00297770

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

Franklin Mountain Energy 3, LLC
Case No. 25162
Exhibit B.4