

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

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

CASE NO. _____

APPLICATION

Franklin Mountain Energy, LLC (“FME”), OGRID Number 373910, through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico.

In support of this application, FME states as follows:

1. FME has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FME seeks to dedicate the W/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, spacing unit.
3. FME plans to drill the **Parade State 603H** well to a depth sufficient to test the Bone Spring formation.
4. The well will be horizontally drilled and will be drilled at orthodox locations under the Division’s rules.
5. FME’s 320-acre horizontal spacing unit for the Parade State 603H well will overlap with part of an existing FME 640-acre spacing unit for the Bone Spring formation that

covers the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, which is approved under Division Order R-21170.

6. Order R-21170 designates FME as the operator of the E/2 Unit and two wells: the Beauty Queen Fed Com 604H well and the Parade State 603H well.

7. FME's development plans have changed and FME desires to have a separate spacing unit for the Parade State 603H well.

8. Because FME's proposed spacing unit will partially overlap an existing spacing unit, notice of this application will be provided as required by Rule 19.15.16.15.B(9) NMAC.

9. FME is filing a separate application to amend Order R-21770 to remove the Parade State 603H well from Order R-21770.

10. FME 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.

11. 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, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico;

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

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

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

E. Imposing a 200% charge for the risk involved in drilling, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

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

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CASE NO. ____: Application of Franklin Mountain Energy, LLC for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Parade State 603H** well to be horizontally drilled. FME's 320-acre horizontal spacing unit for the Parade State 603H well will overlap with part of an existing FME 640-acre spacing unit for the Bone Spring formation that covers the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, which is approved under Division Order R-21170. The producing area for the Parade State 603H well will be orthodox. Also to be considered will be the cost of drilling, completing, and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Franklin Mountain Energy, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 9 miles Northwest of Jal, New Mexico.