



Before the Oil Conservation Division
Examiner Hearing May 4th, 2023

Compulsory Pooling

Case No. 23496: Norte State Com 702H

**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. 23496

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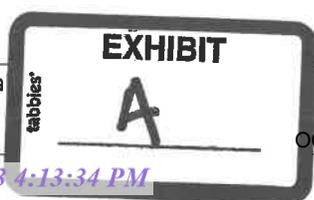
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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

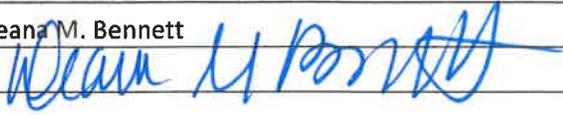
Case: 23496	APPLICANT'S RESPONSE
Date: May 4, 2023	
Applicant	Franklin Mountain Energy 3, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy 3, LLC OGRID 331595
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	Norte State
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Reeves; Wofcamp South Pool Code 97467
Well Location Setback Rules:	State-Wide Rules Apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320
Building Blocks:	40
Orientation:	North-South
Description: TRS/County	E/2W/2 of Sections 27 and 34, Township 18 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?	Unit is standard.
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
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: Norte State Com 702H (API Pending)	SHL: 325' FNL & 1995' FWL, Section 3, T-19-S R-35-E FTP: 328' FSL & 1694' FWL, Section 34, T-19-S R-35-E LTP: 150' FNL & 1700' FWL, Section 27, T-18-S R-35-E Orientation: North/South Completion Status: Standard Completion Target: Wolfcamp TVD: 10,515' MVD: 20,515,
Horizontal Well First and Last Tabbles	See above cells and Exhibit B, paragraphs 14, and Exhibit B-2 (C-102)



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	See above cells and Exhibit B-5 (proposal letter)
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$9,000
Production Supervision/Month \$	\$900
Justification for Supervision Costs	See Exhibit B Paragraph 26
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B-7
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit B-7
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit B-7
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-3
Unlocatable Parties to be Pooled	Exhibit B-3
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-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit C-2
Well Orientation (with rationale)	Exhibit C-7
Target Formation	Exhibits C-2 to C-6
HSU Cross Section	Exhibit C-5
Depth Severance Discussion	NA
Forms, Figures and Tables	
C-102	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-1 to C-3
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	NA
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):	
Date:	2-May-23

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. 23496

SELF AFFIRMED DECLARATION OF DON JOHNSON

Don Johnson hereby states and declares as follows:

1. I am over the age of 18, I am a Senior Land Analyst for Franklin Mountain Energy 3, LLC (“FME3”), and I have personal knowledge of the matters stated herein.
2. I have not previously testified before the Oil Conservation Division (“Division”).
3. I graduated from the University of Idaho in 2013. I have worked at FME 3 since December, 2022. Before working at FME3 I worked as an independent landman and Sr. Land Tech at EOG Resources, Inc. for 9 years. My resume is attached as **Exhibit B.8**.
4. My area of responsibility at FME3 includes the area of Lea County in New Mexico.
5. I am familiar with the application filed by FME3 in this case, which is attached as **Exhibit B.1**.
6. I am familiar with the status of the lands that are subject to the application.
7. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling application.
8. The purpose of the application is to force pool all uncommitted interests into the horizontal spacing unit described below, and in the well to be drilled in the unit.



OCD Hearing Exhibits 5/4/23

No. 23496

9. 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.

10. In this case, FME3 seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 27 and 34, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

11. This spacing unit will be dedicated to the **Norte State Com 702H** well, to be horizontally drilled.

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

13. The C-102 identifies the proposed surface hole locations and the bottom hole locations. The C-102 also identifies the pool and pool code.

14. The Norte State Com 702H well is proposed to have the following first and last take points: First take point: 328' FSL, 1694' FWL

Last take point: 150' FNL, 1,700' FWL

15. The well will develop the Reeves; Wolfcamp, South pool (Pool code 97467).

16. This pool is an oil pool with 40-acre building blocks.

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

18. The producing area for the well is expected to be orthodox.

19. There are no depth severances within the proposed spacing unit.

20. **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.

21. 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.

22. In my opinion, FME3 has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well.

23. **Exhibit B.4** is a summary of my contacts with the working interest owners.

24. **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.

25. **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.

26. FME3 requests overhead and administrative rates of \$9000.00/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.

27. FME3 requests the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

28. FME3 requests that it be designated operator of the well.

29. The parties FME3 is seeking to pool were notified of this hearing.

30. FME3 seeks to pool overriding royalty interest owners, and they were also provided notice of this hearing.

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31. **Exhibit B.7** is an affidavit of notice prepared by counsel for FME3 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 April 18, 2023.

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

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

[Signature page follows]

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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: April 27, 2023



Don Johnson

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. 23496

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 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 27 and 34, Township 18 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/2W/2 of Sections 27 and 34, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 320-acre, more or less, Wolfcamp horizontal spacing unit.
3. Franklin plans to drill the **Norte State Com 702H** well to a depth sufficient to test the Wolfcamp 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 Wolfcamp 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 Wolfcamp 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 May 4, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2W/2 of Sections 27 and 34, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

B. Designating Franklin as operator of this unit and the wells 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

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

CASE NO. 23496 : Application of Franklin Mountain Energy 3, LLC for Approval of Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 27 and 34, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Norte State Com 702H** 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 west of Hobbs, New Mexico.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

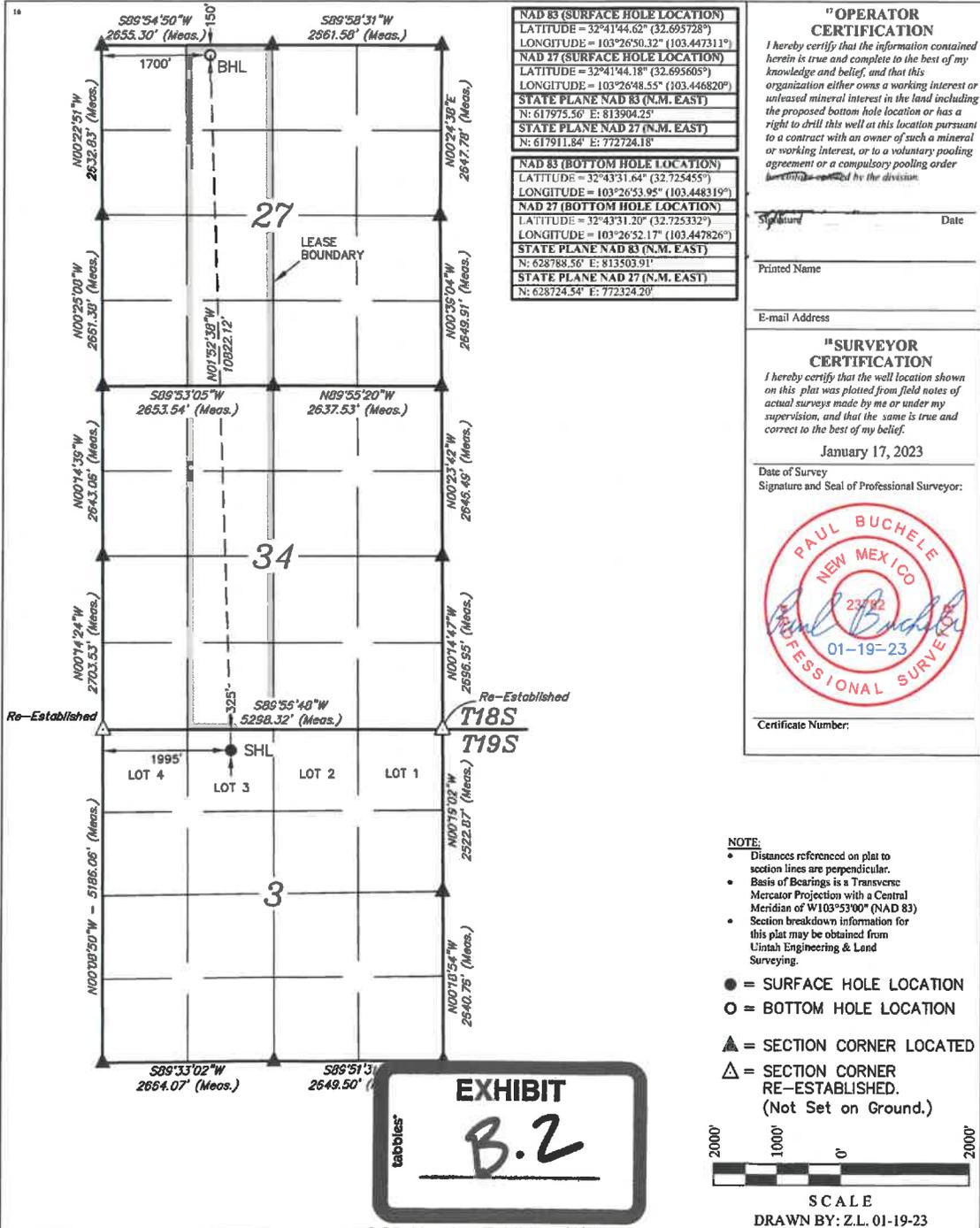
WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APL Number		2 Pool Code 97467		3 Pool Name REEVES-WOLFCAMP, SOUTH	
4 Property Code		5 Property Name NORTE STATE COM		6 Well Number 702H	
7 OGRID No. 331595		8 Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC		9 Elevation 3847.6'	

10 Surface Location									
UL or lot no. 3	Section 3	Township 19S	Range 35E	Lot Idn	Feet from the 325	North/South line NORTH	Feet from the 1995	East/West line WEST	County LEA

11 Bottom Hole Location If Different From Surface									
UL or lot no. C	Section 27	Township 18S	Range 35E	Lot Idn	Feet from the 150	North/South line NORTH	Feet from the 1700	East/West line WEST	County LEA
12 Dedicated Acres 320		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 certified by the division.	
Signature: _____ Date: _____	
Printed Name: _____	
E-mail Address: _____	
18 SURVEYOR CERTIFICATION	
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
January 17, 2023	
Date of Survey	
Signature and Seal of Professional Surveyor:	
Certificate Number: _____	

NOTE:

- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)
- Section breakdown information for this plat may be obtained from Uintah Engineering & Land Surveying.

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

SCALE
DRAWN BY: Z.L. 01-19-23

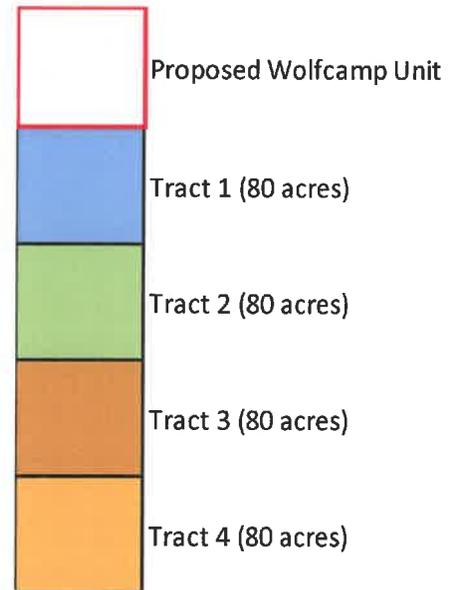
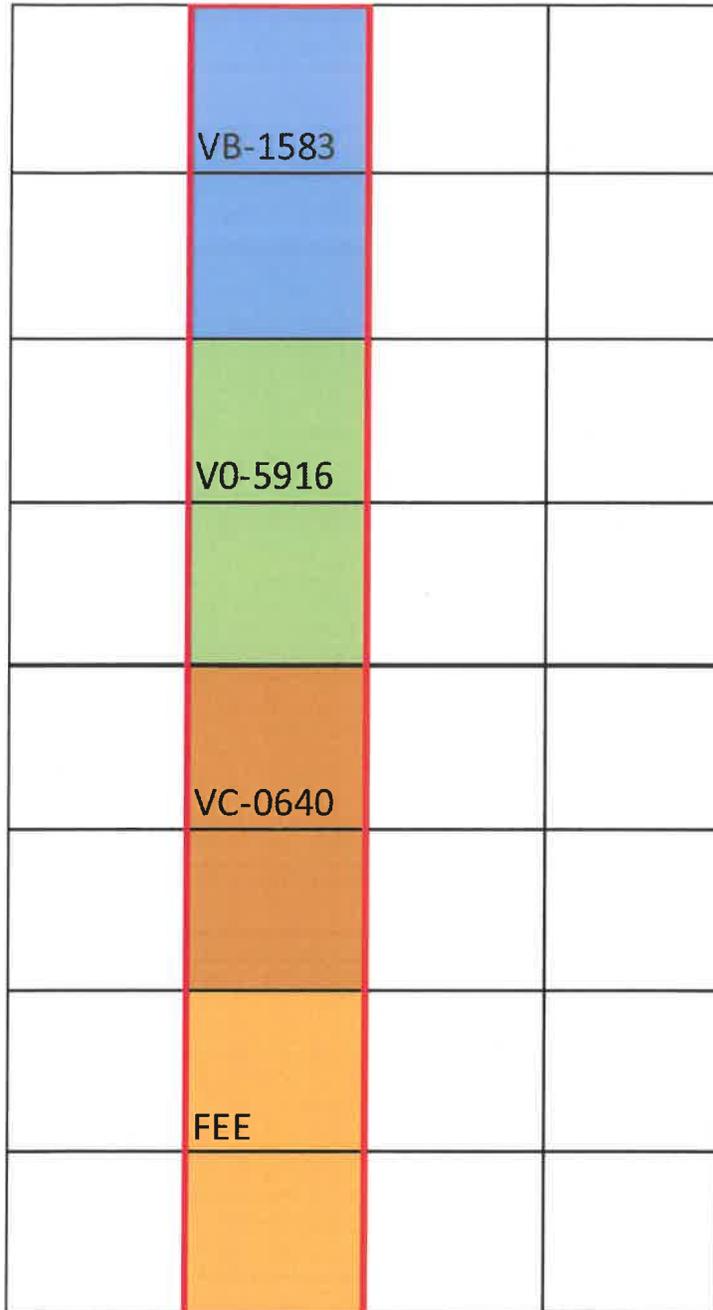
Development Overview

Case Nos. 23496



EXHIBIT
B-3

Lease Tract Map
Case No. 23496
E/2W/2 of Sections 27 & 34-T18S-R35E, 320 Acres
Norte State Com 702H



Unit Recapitulation
Case No. 23496
E/2W/2 of Sections 27 & 34-T18S-R35E, 320 Acres
Norte State Com 702H

	VB-1583		
	V0-5916		
	VC-0640		
	FEE		

Tract	Lease
1	VB-1583
2	V0-5916
3	VC-0640
4	FEE



Unit Recapitulation
Case No. 23496
E/2W/2 of Sections 27 & 34-T18S-R35E, 320 Acres
Norte State Com 702H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	77.000000%
Arizona Holding Corporation	1.250000%
Barbe Development, LLC	1.250000%
Bill Fenn	1.250000%
Thomas M. Johnson	0.375000%
Bill Fenn as Trustee, Residuary Trust Est u/w/o Joe Flen Fenn	0.250000%
Uncommitted Working Interest	
T.H. McElvain Oil & Gas LLLP	9.000000%
Derrel C. Melton (Updated Address)	2.187500%
Asher Enterprises Ltd. Co.	1.875000%
George Lankford	1.250000%
Sharp Image Energy, Inc.	1.250000%
Scott Rohloff	0.750000%
Clarke C. Coll	0.500000%
Coll Brothers Oil	0.500000%
Crain Properties L.L.C.	0.500000%
GEO CDT, LLC	0.312500%
Big Horn Investments, Inc.	0.250000%
Jess Claiborne	0.250000%
Total:	100.000000%



Parties to Be Pooled	
Name	Interest Type
T.H. McElvain Oil & Gas, LLP	Working Interest
Derrel C. Melton	Working Interest
Asher Enterprises	Working Interest
George Lankford	Working Interest
Sharp Image Energy, Inc.	Working Interest
Scott Rohloff	Working Interest
Clarke C. Coll	Working Interest
Coll Brothers Oil	Working Interest
Crain Properties, LLC	Working Interest
GEO CDT, LLC	Working Interest
Big Horn Investments, Inc.	Working Interest
Jess Claiborne	Working Interest
Thomaston, LLC	ORRI
Ostrich Oil & Gas, LLC	ORRI
Carroll Bellah	ORRI

Summary of Contacts

- 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 February 14, 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 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.

Summary of Contacts with Working Interest Owners to Be Pooled			
Name	Date Proposal Letter Sent	Proposal Letter Received	Follow Up
T.H. McElvain Oil & Gas LLLP	February 14, 2023	February 15, 2023	Multiple emails sent, JOA signed and sent, expecting returned JOA and election
Derrel C. Melton	February 14, 2023	Returned	Resent with corrected address. Multiple calls and emails, Term Assignment agreed on and sent for execution
Asher Enterprises Ltd. Co.	February 14, 2023	February 16, 2023	
Arizona Holding Corporation	February 14, 2023	February 16, 2023	Elected to Participate
Barbe Development, LLC	February 14, 2023	February 16, 2023	Elected to Participate
Bill Fenn	February 14, 2023	February 16, 2023	Elected to Participate
George Lankford	February 14, 2023	February 16, 2023	Spoke with Husband and wife about Term Assignments
Sharp Image Energy, Inc.	February 14, 2023	February 16, 2023	Spoke with on the phone and email, not interested in Term Assignment
Scott Rohloff	February 14, 2023	February 16, 2023	
Clarke C. Coll	February 14, 2023	February 16, 2023	Spoke with Clarke for Term Assignment options, sent Term Assignment and Land Director information for contact, plans to participate
Coll Brothers Oil	February 14, 2023	February 16, 2023	See Clarke C. Coll
Crain Properties L.L.C.	February 14, 2023	Returned	Mailed to address on Record and returned, mailed to secondary address and returned as well.
Thomas M. Johnson	February 14, 2023	February 16, 2023	Elected to Participate
GEO CDT, LLC	February 14, 2023	February 16, 2023	Spoke with on the phone, wants Term Assignment
Big Horn Investments, Inc.	February 14, 2023	February 16, 2023	See Clarke C. Coll



Jess Claiborne	February 14, 2023	February 17, 2023	Spoke with on the phone, Lawyer requested Term Assignment 5/1/2023
Bill Fenn as Trustee, Residuary Trust Est u/w/o Joe Flen Fenn	February 14, 2023	February 16, 2023	Elected to Participate



Sent via USPS: 9405 5036 9930 0477 0131 20

February 14, 2023

T.H. McElvain Oil & Gas LLLP
 1819 Denver West Dr, Ste 260
 Lakewood CO 80401
 Attn: Land Department, Delaware Basin

RE: Well Proposals
 Township 18 South, Range 35 East:
 Sections 27 & 34: E/2W/2
 Lea County, New Mexico
 320 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
Norte State Com 702H	Wolfcamp A	10,515'	20,515'	Sec. 3-T19S-R35E: 325' FNL, 1995' FWL	Sec. 27-T18S-R35E: 150' FNL, 1700' FWL	\$11,650,592.43	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 unleased minerals, 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 to lease your minerals at the following terms:

-
-

The forgoing offer is non-binding in nature until a definitive agreement and/or conveyance documents are negotiated and agreed to by each party. FME3 is under no obligation to negotiate, lease or purchase your interest.

Please return your signed documents to Don Johnson at djohnson@fmellc.com or to the address provided below at your earliest convenience.

FME3 looks forward to working with you or your company on this proposed development and encourages you to call with any questions pertaining to these plans. However, please be advised that, in the near term, FME3 will file an application for compulsory pooling to pool any uncommitted owners.

Should you have any questions, please do not hesitate to contact the undersigned at (720) 414-7868.

Respectfully,

Franklin Mountain Energy 3, LLC

A handwritten signature in blue ink, appearing to read "D. Johnson", with a long horizontal line extending to the right.

Don Johnson
Sr. Land Analyst



Norte State Com 702H:

_____ I/We hereby elect to participate in the **Norte State Com 702H** well.

_____ I/We hereby elect **NOT** to participate in the **Norte State Com 702H** well.

Owner: _____

By: _____
T.H. McElvain Oil & Gas LLLP

Printed Name: _____

Title: _____

Date: _____



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

Well Name: Norco State Com 702H
Location: SHL: Sec 3-T195-R35H 325 FNL 1995 FWL
BHL: Sec 27-T188-R35E 150 FNL 1700 FWL
Operator: Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 10,000' WCA well.
TVD 10,515', MD 20,515'

Well #: 702H
County/State: Lea Co., NM
Date Prepared: 1/19/2023
AFE #: DCE230124

Table with 4 columns: Major, Minor, Description, Amount. Section: Intangible Drilling Costs. Rows include ADMINISTRATIVE OVERHEAD, CASING CREW & EQUIP, CEMENTING INTERMEDIATE CASING, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Intangible Completion Costs. Rows include ADMINISTRATIVE OVERHEAD, CASED HOLE LOGS & SURVEYS, CASING CREW & EQUIP, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Tangible Drilling Costs. Rows include INTERMEDIATE CASING & ATTACHMENTS, PACKERS/SLEEVES/PLUGS, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Tangible Completion Costs. Rows include ARTIFICIAL LIFT, FLOWLINES, FRAC STRING, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Tangible Facility Costs. Rows include FACILITY PIPE/VALVES/FITTINGS, CONTAINMENT, DEHYDRATION, etc.

Table with 4 columns: Major, Minor, Description, Amount. Section: Intangible Facility Costs. Rows include CONSULTING, COMPANY DIRECT LABOR, DAMAGES/ROW/PERMITS, etc.

Summary table with 2 columns: Description, Amount. Rows: Total Drill, Total Completion, Total Facility, Total DC Intangible, Total DC Tangible.

Office Use Only section with a large empty box for administrative use.

Total AFE: \$11,650,595.41

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

Operator: Franklin Mountain Energy 3, LLC
Approved By: [Signature]
Chief Executive Officer

Date: 1/19/2023

WI Owner:
Approved By:
Printed Name:



ALL PARTICIPANTS MUST CARRY THEIR OWN CONTROL OF V

ANCE TO THIS ELECTION OR INSURE WITH FME

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 NOS. 23496

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 April 11, 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 April 11, 2023.
- 3) Exhibit C is the certified mailing tracking information, which is automatically complied 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 D is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the May 4, 2023 hearing was published on April 18, 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: May 2, 2023



 Deana M. Bennett





MODRALL SPERLING
LAWYERS

April 11, 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. 23496

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. 23496, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 27 and 34, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Norte State Com 702H** 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 west of Hobbs, New Mexico.

The hearing will be conducted remotely on May 4, 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.

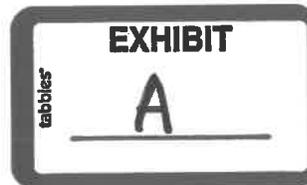
As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Modrall Sperling
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,

A handwritten signature in cursive script that reads "Deana M. Bennett".

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. 23496

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 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 27 and 34, Township 18 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/2W/2 of Sections 27 and 34, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 320-acre, more or less, Wolfcamp horizontal spacing unit.
3. Franklin plans to drill the **Norte State Com 702H** well to a depth sufficient to test the Wolfcamp 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 Wolfcamp 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 Wolfcamp 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 May 4, 2023 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2W/2 of Sections 27 and 34, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

B. Designating Franklin as operator of this unit and the wells 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
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. 23496 : Application of Franklin Mountain Energy 3, LLC for Approval of Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 27 and 34, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Norte State Com 702H** 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 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
04/11/2023

Firm Mailing Book ID: 244275

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0106 5077 59	SUNDOWN ENERGY, LP 13455 NOEL ROAD DALLAS TX 75240	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
2	9314 8699 0430 0106 5077 66	THOMASTON, LLC 1819 DENVER WEST DRIVE, SUITE 260 LAKEWOOD CO 80401	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
3	9314 8699 0430 0106 5077 73	STATE OF NEW MEXICO 310 OLD SANTA FE TRAIL 310 SANTA FE NM 87501	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
4	9314 8699 0430 0106 5077 80	T.H. MCELVAIN OIL & GAS, LLLP 1819 DENVER WEST DRIVE, SUITE 260 LAKEWOOD CO 80401	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
5	9314 8699 0430 0106 5077 97	DERREL C. MELTON 3205 HAMPSHIRE CRT FRISCO TX 75034	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
6	9314 8699 0430 0106 5078 03	BRENT WATSON PO Box 50308 MIDLAND TX 79712	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
7	9314 8699 0430 0106 5078 10	OSTRICH OIL & GAS, LLC 405 NORTH MARIENFELD, SUITE 250 MIDLAND TX 79701	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
8	9314 8699 0430 0106 5078 27	ARIZONA HOLDING CORPORATION PO BOX 937 LA GRANGE TX 78945	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
9	9314 8699 0430 0106 5078 34	BIG HORN INVESTMENTS, INC. 2902 DIAMOND A DRIVE ROSWELL NM 88201	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
10	9314 8699 0430 0106 5078 41	JESS CLAIBORNE PO BOX 7958 HORSESHOE BAY TX 78657	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
11	9314 8699 0430 0106 5078 58	CLARKE C. COLL PO BOX 1818 ROSWELL NM 88202	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
12	9314 8699 0430 0106 5078 65	COLL BROTHERS OIL PO BOX 1818 ROSWELL NM 88202	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
13	9314 8699 0430 0106 5078 72	CRAIN PROPERTIES, LLC 1206 WEST COCHITI HOBBS NM 88240	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
14	9314 8699 0430 0106 5078 89	BILL FENN PO BOX 1757 ROSWELL NM 88202	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
15	9314 8699 0430 0106 5078 96	BILL FENN, TRUSTEE OF THE RESIDUARY TRUST EST UWO Joe Glen Fenn PO BOX 1757 ROSWELL NM 88202	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice



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
04/11/2023

Firm Mailing Book ID: 244275

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0106 5079 02	GEORGE LANKFORD 227 SOUTHSORE DRIVE AMARILLO TX 79118	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
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18	9314 8699 0430 0106 5079 26	SCOTT ROHLOFF 10810 PINEHURST DRIVE #A AUSTIN TX 78747	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
19	9314 8699 0430 0106 5079 33	THOMAS M. JOHNSON PO BOX 1059 LA GRANGE TX 78945	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
20	9314 8699 0430 0106 5079 40	GEO CDT, LLC 1812 POINCIANA LANE PLANO TX 78945	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
21	9314 8699 0430 0106 5079 57	CARROLL BELLAH 7358 FM 1615 ATHENS TX 75752	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
22	9314 8699 0430 0106 5079 64	OCCIDENTAL PETROLEUM CORPORATION 5 GREENWAY PLAZA, SUITE 110 HOUSTON TX 77046	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001Norte Notice
Totals:			\$33.00	\$91.30	\$46.20	\$0.00	
Grand Total:						\$170.50	

List Number of Pieces Listed by Sender: 22
 Total Number of Pieces Received at Post Office:
 Postmaster: 
 Name of receiving employee:
 Dated:
 APR 11 2023



Released to Imaging: 5/2/2023 4:13:34 PM

Received by OCD: 5/2/2023 4:11:56 PM

Page 33 of 46

Transaction Report Details - CertifiedPro.net
 Flrm Mail Book ID= 244275
 Generated: 5/1/2023 1:05:04 PM

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9314869904300106507773	2023-04-11 2:35 PM	10154.0001Norte	STATE OF NEW MEXICO		SANTA FE	NM	87501	Delivered	Return Receipt - Electronic, Certified Mail	2023-04-13 12:00 AM
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9314869904300106507759	2023-04-11 2:35 PM	10154.0001Norte	SUNDOWN ENERGY, LP		DALLAS	TX	75240	Undelivered	Return Receipt - Electronic, Certified Mail	



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
April 18, 2023
and ending with the issue dated
April 18, 2023.



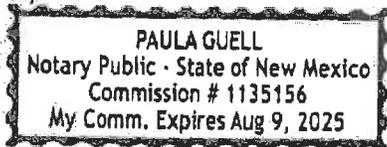
Publisher

Sworn and subscribed to before me this
18th day of April 2023.



Notary

My commission expires
August 09, 2025
(Seal)



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

LEGAL NOTICE
April 18, 2023

CASE NO. 23496: Notice to all affected parties, as well as heirs and devisees of: Sundown Energy, LP; Thomaston, LLC; State of New Mexico; T. H. McElvain Oil & Gas, LLP; Darrel C. Melton; Brent Watson; Ostrich Oil & Gas, LLC; Arizona Holding Corporation; Big Horn Investments, Inc.; Jess Claiborne; Clarke C. Coll; Coll Brothers Oil; Crain Properties, LLC; Bill Fenn; Bill Fenn, Trustee of the Residuary Trust Est UWO Joe Glen Fenn; George Lankford; Barbe Development; Scott Rohloff; Thomas M. Johnson; GEO CDT, LLC; Carroll Bellah; Occidental Petroleum Corporation, of Application of Franklin Mountain Energy 3, LLC for Approval of 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 **May 4, 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 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2W/2 of Sections 27 and 34, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the Norte State Com 702H 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 west of Hobbs, New Mexico. #00277678

01104570

00277678

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



DON JOHNSON, RPL

Knowledgeable and goal-oriented professional excelling in establishing successful working relationships with government agencies, landowners, and company personnel. Proven analytical skills with the ability to effectively manage and operate in a high-stress environment with a calm and professional demeanour. Ability to understand and exhibit ethical behavior and business practices in line with company policies, procedures, and standards. Effectively establish and maintain positive working relationships with others both internally and externally.

Employment History

Sr. Land Analyst at Franklin Mountain Energy, LLC, Denver, CO

December 2022—Present

- Prepare for wells on the rig schedule including well proposals, pooling, ownership research, negotiations, communitization agreements, and commingling
- Research ownership and present opportunities to acquire working interest to increase well profitability
- Build relationships with state and federal agencies to conduct trades and process documentation quickly and effectively
- Manage non-op well proposals and workover proposals for incoming and outgoing operations

Sr. Land Tech at EOG Resources, Inc., Denver, CO

August 2019— December 2022

- Created and track well and workover proposals for partner participation
- Assisted Reservoir and Planning departments with WI/NRI updates, drill schedule maintenance, and well budgets
- Collaborated with brokers to process communitization agreements, order title, regulatory notice lists, and conduct leasing
- Organized budget, capital cost planning, AFE budgets, and invoicing for the land department
- Assisted in preparation for pooling and spacing hearings, work closely with the Regulatory department to meet hearing needs based on rig schedule
- Conducted research for lease renewals, title opinions, and Joint Operating Agreements
- Communicated with internal and external inquiries
- Learned and help test multiple proprietary software programs into production

Independent Contractor at EOG Resources, Inc, Denver, CO

September 2015— 2019

- Contacted and negotiated with landowners to obtain surface and right of way agreements
- Developed capital cost budgets for all wells in the Denver division supporting the Land and Regulatory departments
- Provided continuous upkeep and payments of agreements in to preserve relationships with EOG's landowners
- Troubleshot regulatory and internal systems issues in coordination with Land, Accounting, Drilling, and Geology departments
- Assisted in well planning, full field development planning, and meeting rig schedule requirements
- Worked with state and federal offices, to ensure compliance, to maintain on-time production and complete permit requirements

Independent Landman at LoneTree Energy & Associates, Littleton, CO

November 2013— 2019

- Assembled and reviewed abstracts constructed for title opinions
- Utilized multiple avenues to conduct research, including Courthouses, internet, and communicating with landowners
- Researched mineral rights and land records from Patent to Present to ensure compliance
- Gathered and processed documents from Assessor, District Court, and State records
- Prepared and completed projects on time with detail and accuracy
- Developed, managed and maintained relations with clients, contractors, and public offices

INFO

📍 Denver, CO
 📞 701.770.2014
 ✉️ dwjohnsondon@gmail.com

SKILLS

Microsoft Office/Suite
 Member of the AAPL, PBLA and DAPL
 Supervisory/Management
 Oil and Gas Exploration
 Data Analysis
 Conflict Management
 Problem-Solving
 Leadership
 Organization
 Collaboration
 Creativity
 Time-Management
 Multi-tasker

EDUCATION

Master of Fine Arts, Studio Art-
 University of Idaho

BA Business, BA Fine Art-
 Augustana University

INTERNSHIPS

Bank Intern I First Premier Bank-
 Sioux Falls, SD- March 2007-August 2009

Provided accurate and timely storage of digital loan documents while adhering to strict confidentiality

Monitored financial documents and communicated errors to department managers

Developed project plans, procedures, budget analysis, as well as meeting notes

Demonstrated cooperative work style within the team to achieve operational success

REFERENCES

Available Upon Request



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. 23496

SELF AFFIRMED DECLARATION OF BEN KESSEL

Ben Kessel hereby states and declares as follows:

1. I am over the age of 18, I am a geologist for Franklin Mountain Energy 3, LLC (“FME3”), 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 FME3 includes the area of Lea County in New Mexico.
3. I am familiar with the application filed by FME3 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 FME3’s development plan.
6. **Exhibit C.3** is a structure map of the Wolfcamp A formation. The proposed spacing unit is identified by a blue box. The Norte State Com 702H 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 to the southwest.
7. **Exhibit C.4** is a cross-section reference map that identifies four wells in the vicinity of the proposed Norte State Com 702H well, shown by a line of cross-section running from A to A’.



8. **Exhibit C.5** is a stratigraphic cross-section, and the well logs shown on the cross-section give a representative sample of the Wolfcamp A 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.

9. In my opinion, the gross interval thickness for the Wolfcamp A formation increases to the southwest.

10. **Exhibit C.6** is an Isopach map of the Wolfcamp A formation. The gross interval thickness increases to the southwest.

11. 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.

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

13. 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.

14. In my opinion, the granting of FME3's application is in the interests of conservation and the prevention of waste.

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

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: May 1st, 2023

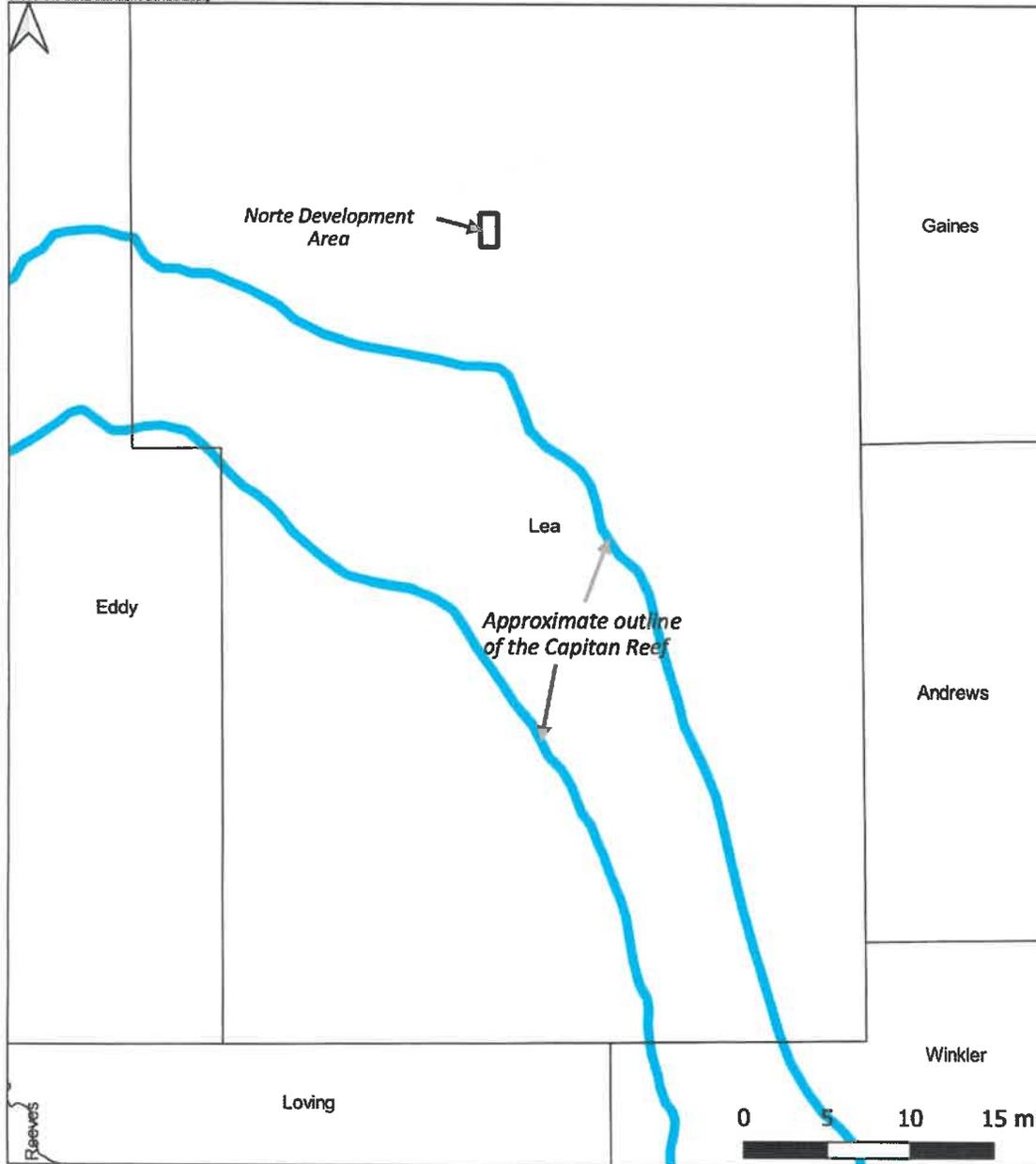


Ben Kessel

Norte Development



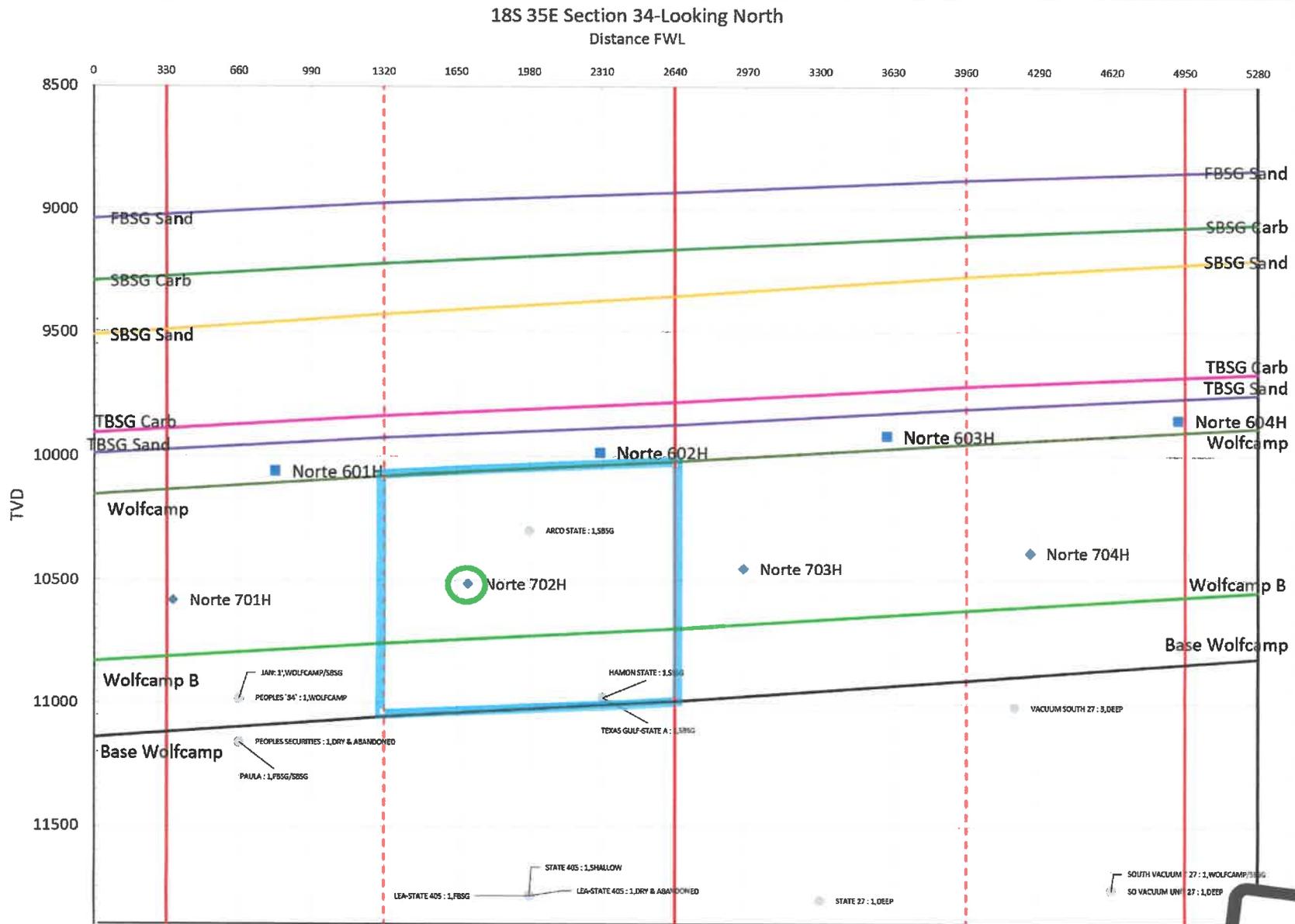
Locator Map



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



Wellbore Schematic



○ Proposed Lateral

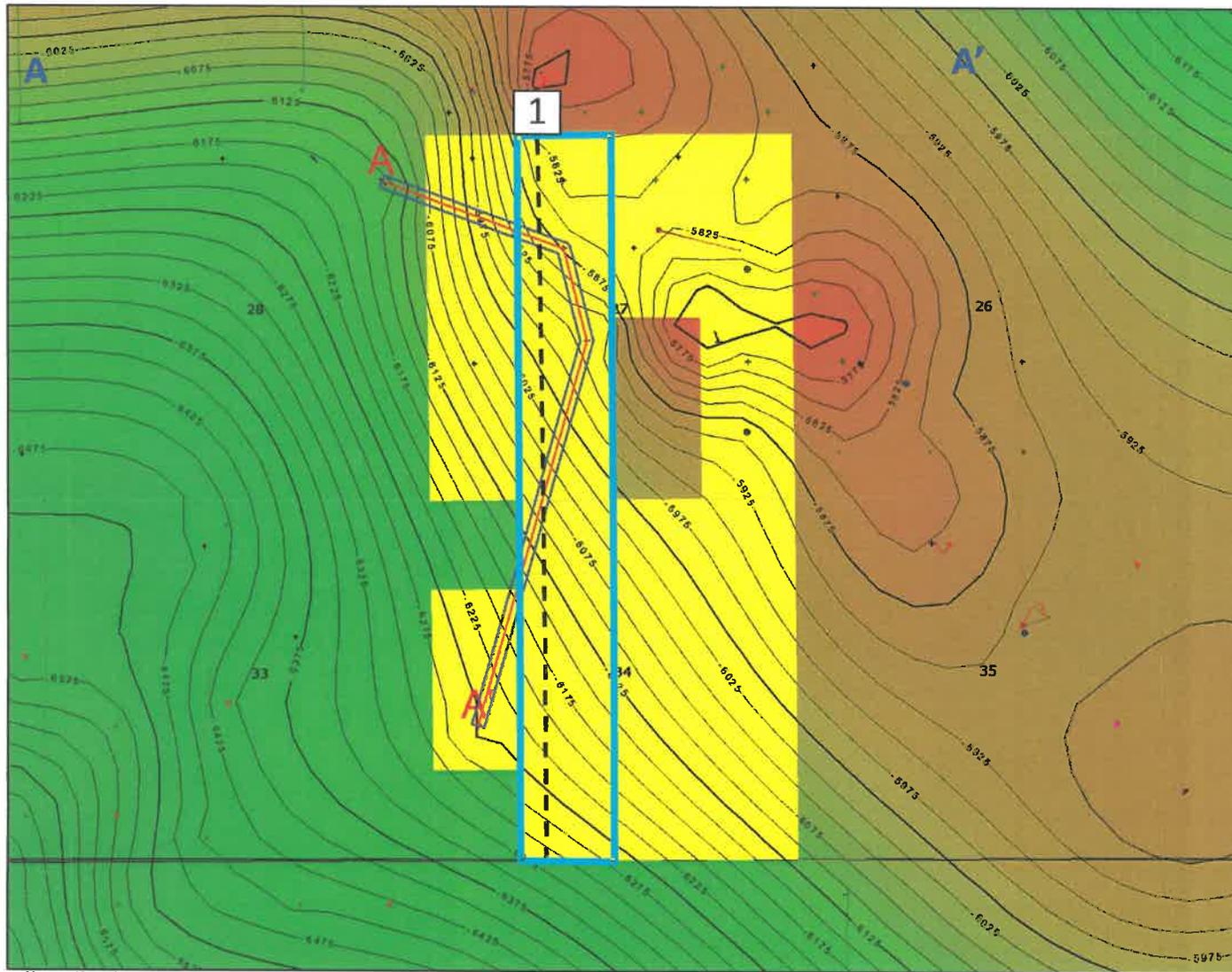


Wolfcamp Spacing Unit

EXHIBIT
C-2

Page 41 of 46

Wolfcamp Structure



- Franklin Mountain Acreage
- Wolfcamp Spacing Unit

Proposed Horizontal Location

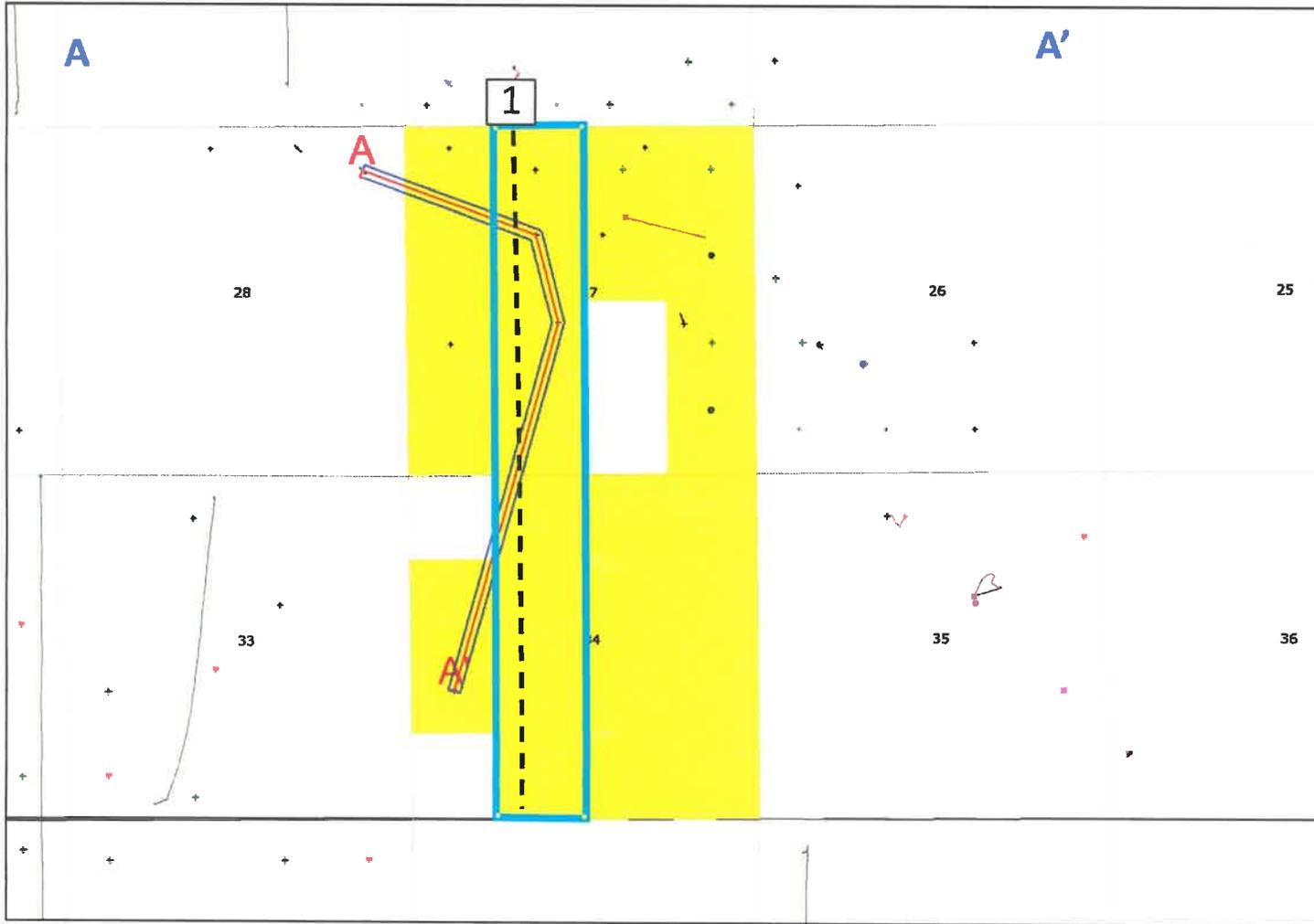
1 Norte State Com 702H

All wells shown

1 mile



Cross Section Reference Map



-  Franklin Mountain Acreage
-  Wolfcamp Spacing Unit
-  Proposed Horizontal Location

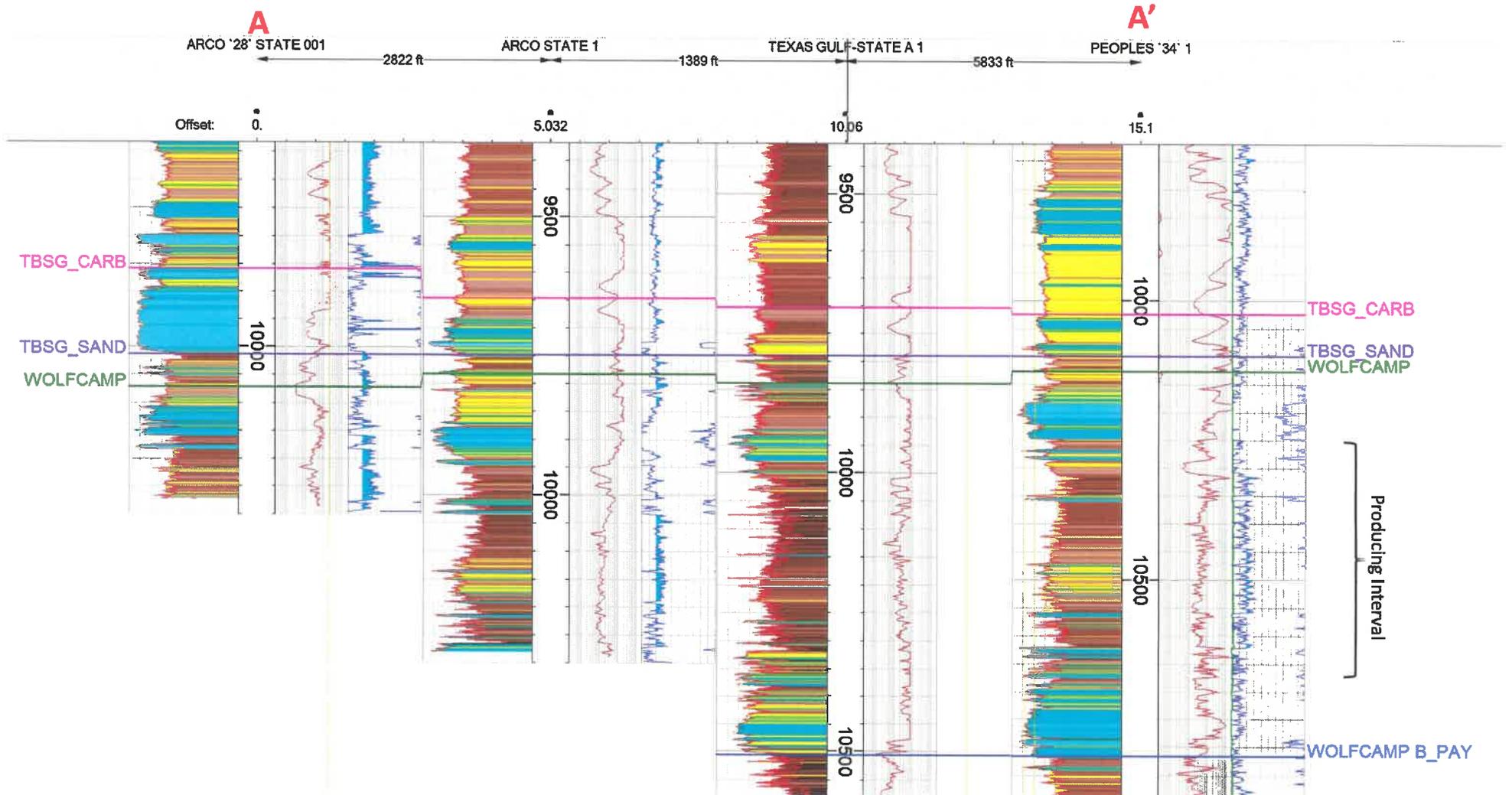
1 Norte State Com 702H

All wells shown

1 mile

EXHIBIT
C.4

Wolfcamp Cross Section

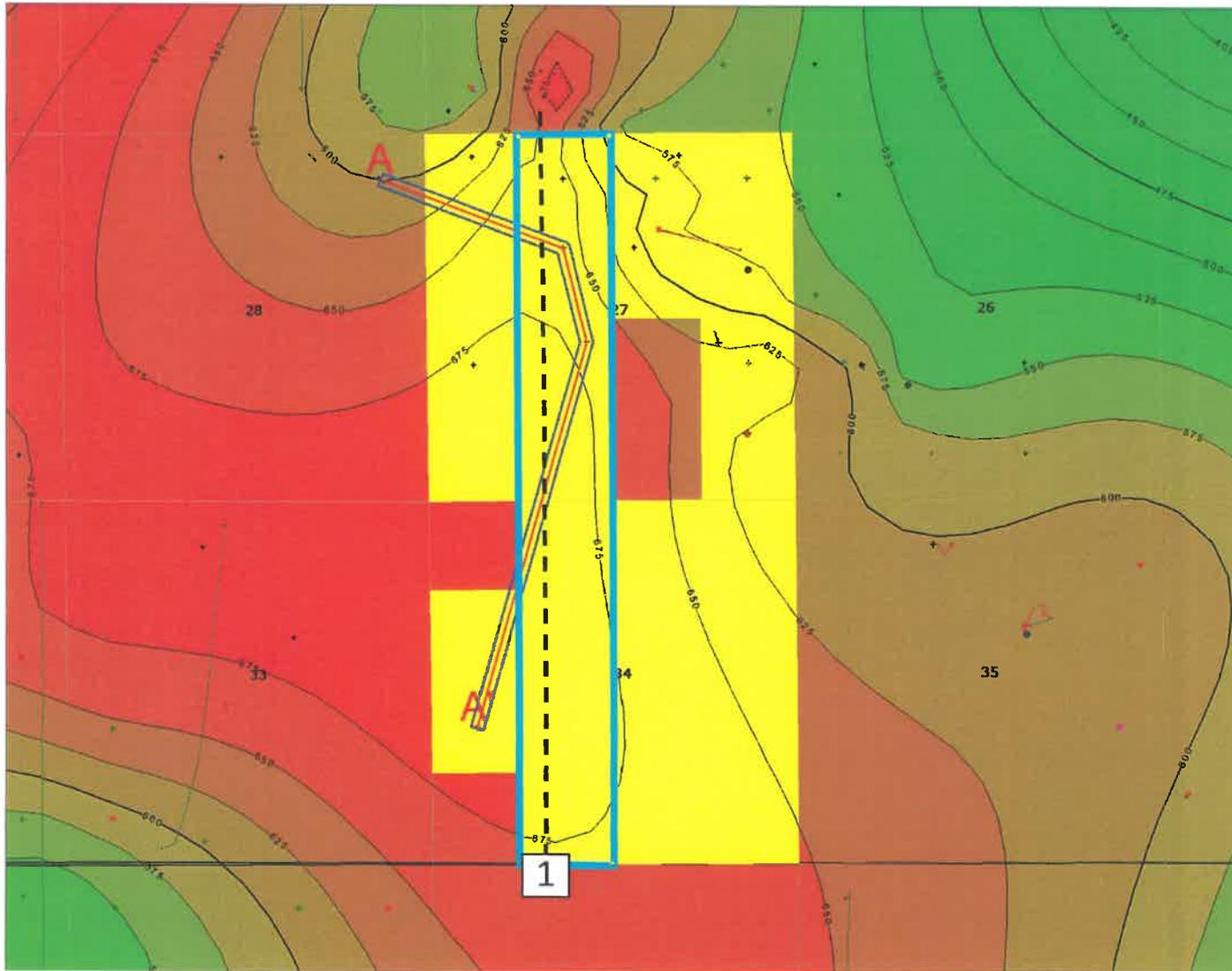


↑
702H

↑
702H

EXHIBIT
C.5

Wolfcamp Isopach⁴³



-  Franklin Mountain Acreage
-  Wolfcamp Spacing Unit
-  Proposed Horizontal Location

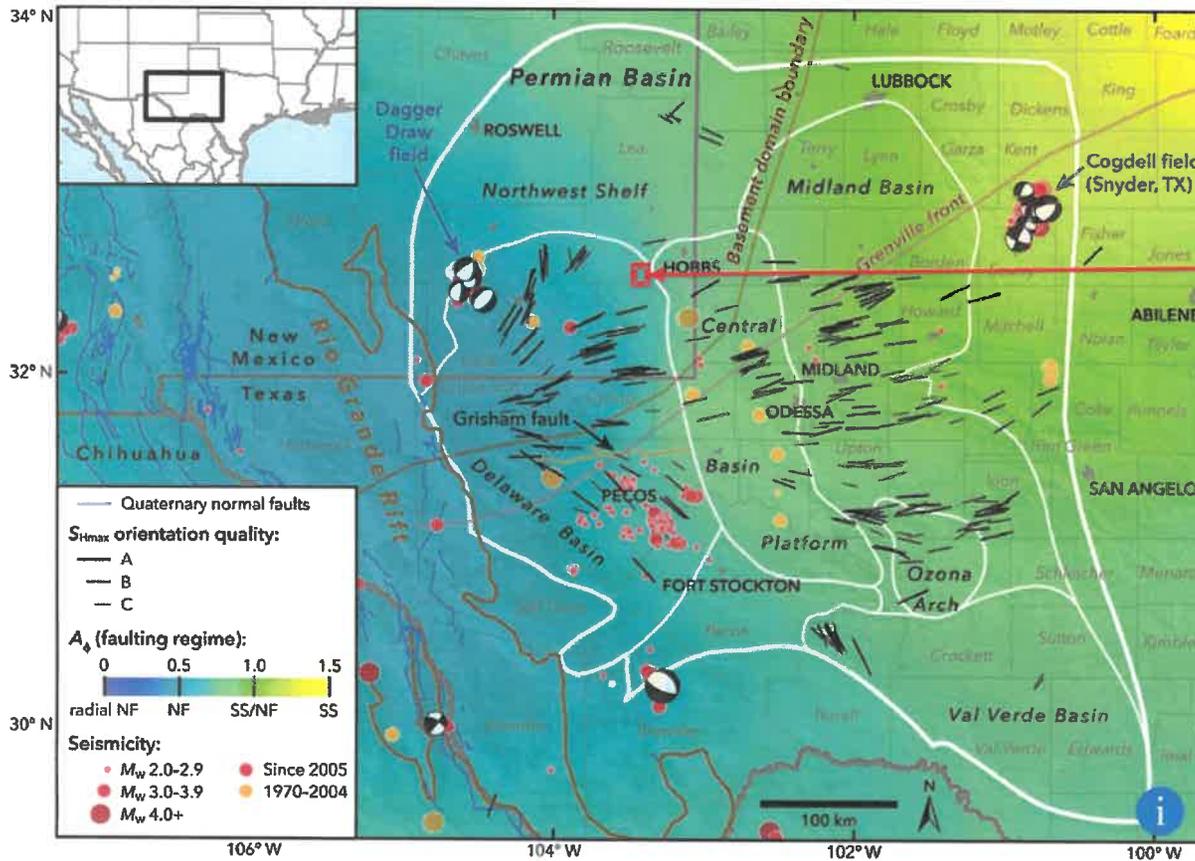
1 Norte State Com 702H

All wells shown

1 mile

EXHIBIT
6.6

Regional Stress



- Red box shows the approximate location of the Norte development
- Reported local S_{Hmax} (Snee and Zoback, 2018) direction is ENE, around 255°
- The Norte State Com 702H well are planned to drill S-N, 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

