



FRANKLIN MOUNTAIN ENERGY

Before the Oil Conservation Division
Examiner Hearing June 1st, 2023

Compulsory Pooling

Case No. 23565: Eagle State Com 703H

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

IN THE MATTER OF THE APPLICATION OF

**FRANKLIN MOUNTAIN ENERGY 3, LLC
FOR COMPUSLORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23565

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- Exhibit C-3: Structure Map
- Exhibit C-4: Cross Section Reference Map
- Exhibit C-5: Wolfcamp Cross Section
- Exhibit C-6: Isopach Map
- Exhibit C-7: Regional Stress Orientation Justification

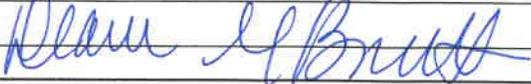
COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23565	APPLICANT'S RESPONSE
Date: May 30, 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	Eagle State
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Scharb; Wolfcamp Pool Code 55650
Well Location Setback Rules:	State-Wide Rules Apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	319.62
Building Blocks:	40-acre building blocks
Orientation:	North-South
Description: TRS/County	W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	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: Eagle State Com 703 (API Pending)	SHL: 325' FNL & 1945' FWL, Section 3, T-19-S R-35-E FTP: 573' FNL & 2181' FEL, Section 3, T-19-S R-35-E LTP: 100' FSL & 2180' FEL, Section 10, T-19-S R-35-E Orientation: North/South Completion Target: Wolfcamp Completion Status: Standard TVD: 10,445' MVD: 20,445'
Horizontal Well First and Last Take P	See above cells and Exhibit B, paragraph 13, and Exhibit B-2 (C-102)



	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 25
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-4
Tract List (including lease numbers and owners)	Exhibit B-4
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	Exhibit B-4
Pooled Parties (including ownership type)	Exhibit B-4
Unlocatable Parties to be Pooled	Exhibit B-4
Ownership Depth Severance (including percentage above & below)	NA
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-3 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-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:	30-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. 23565

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 previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert petroleum Landman were accepted as a matter of record.
3. My area of responsibility at FME3 includes the area of Lea County in New Mexico.
4. I am familiar with the application filed by FME3 in this case, which is attached as **Exhibit B.1.**
5. I am familiar with the status of the lands that are subject to the application.
6. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling application.
7. 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.
8. 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.



9. 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 W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

10. This spacing unit will be dedicated to the **Eagle State Com 703H** well, to be horizontally drilled.

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

12. The C-102 identifies the proposed surface hole location and the bottom hole location. The C-102 also identifies the pool and pool code.

13. The Eagle State Com 703H well is proposed to have the following first and last take points: First take point: 150' FNL, 2,181' FEL

Last take point: 100' FSL, 2,180' FEL

14. The well will develop the Scharb; Wolfcamp Pool Code 55650.

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

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

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

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

19. **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.

20. 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.

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

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

23. **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.

24. **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.

25. 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.

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

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

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

29. **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 May 17, 2023.

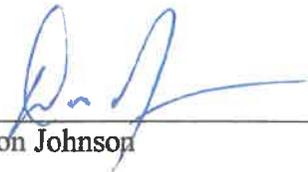
30. The attachments to this declaration were prepared by me, or compiled from company business records, or were prepared at my direction.

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

[Signature page follows]

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 25, 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. 23565

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 W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate the W/2E/2 of Sections 3 and 10, Township 19 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 **Eagle State Com 703H** 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 June 1, 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 W/2E/2 of Sections 3 and 10, Township 19 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. 23565 : Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 703H** 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

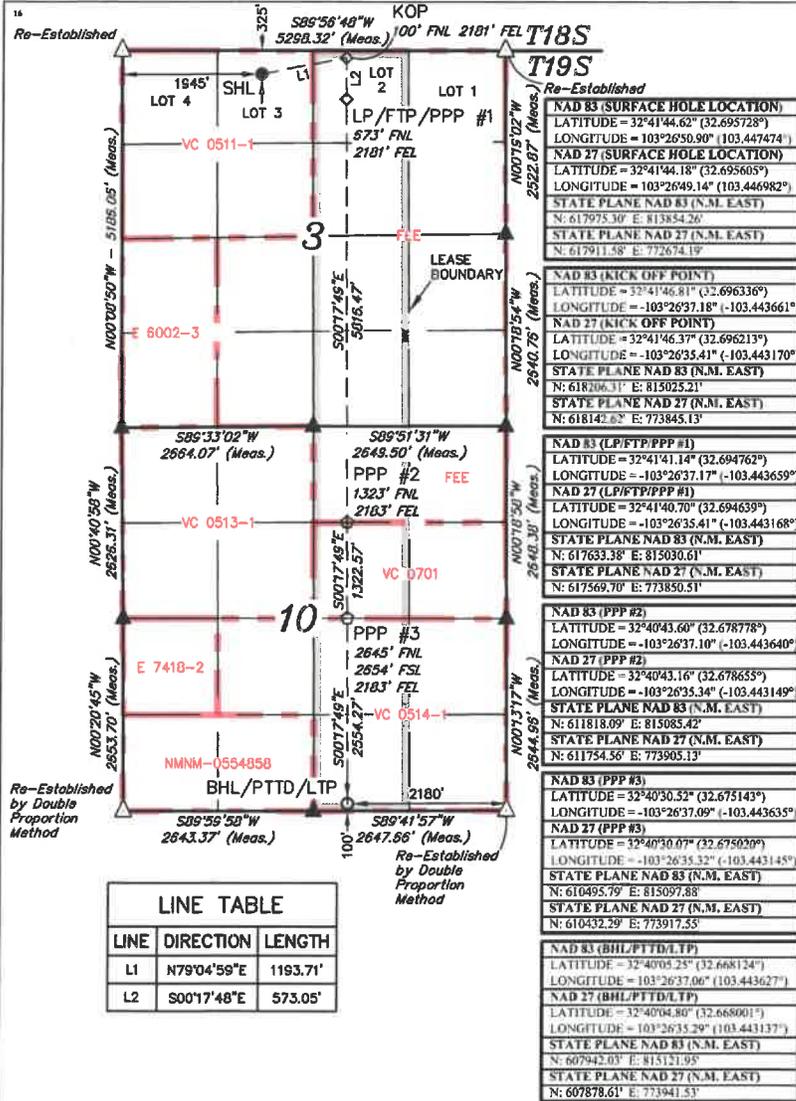
WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
	55650	SCHARB WOLFCAMP
⁴ Property Code	⁵ Property Name	⁶ Well Number
	EAGLE STATE COM	703H
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
331595	FRANKLIN MOUNTAIN ENERGY 3, LLC	3847.7'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	3	19S	35E		325	NORTH	1945	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	10	19S	35E		100	SOUTH	2180	EAST	LEA
¹³ Dedicated Acres		¹³ Jlot or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			
319.62									

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.



"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 previously approved by the division.

Signature: *Rachael Overbey* Date: 5/8/2023
Printed Name: Rachael Overbey
E-mail Address: roverbey@fmlc.com

"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:

PAUL BUCHELE
NEW MEXICO
PROFESSIONAL SURVEYOR
05-03-23

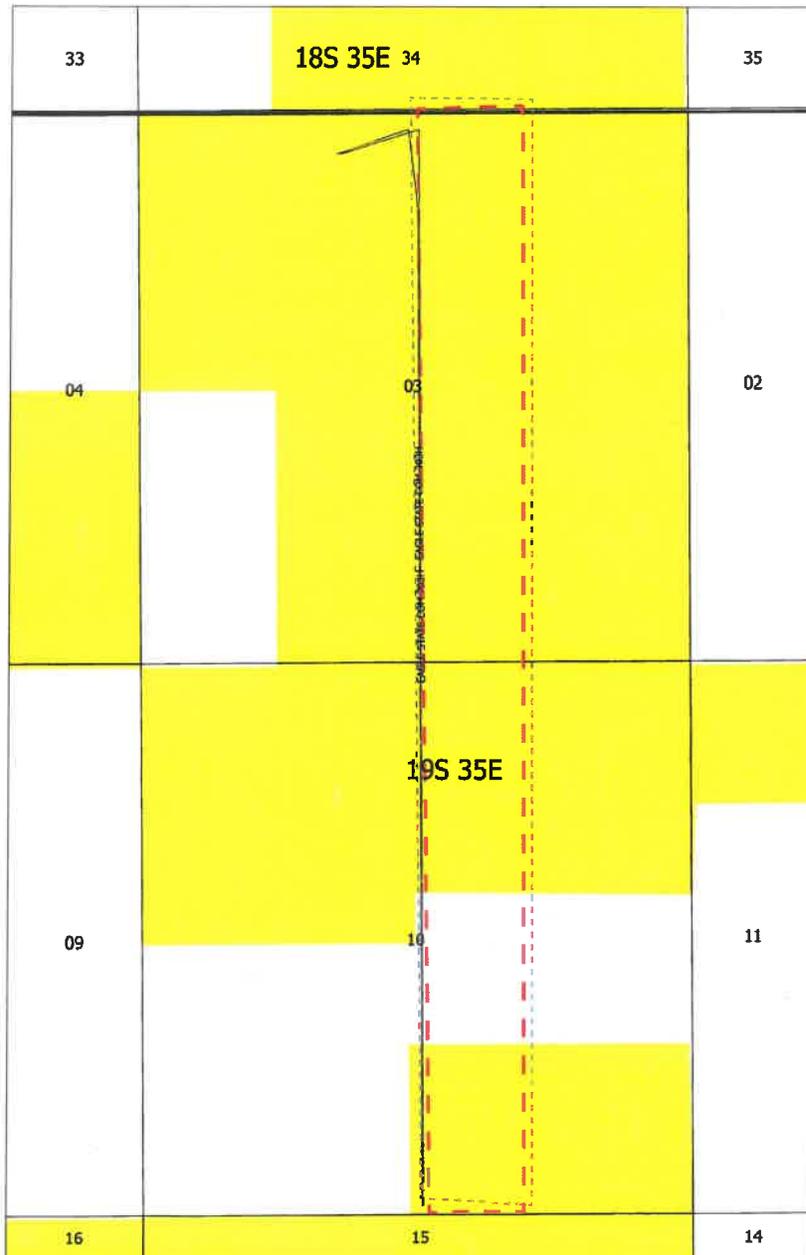
Certificate Number:

EXHIBIT B.2

SCALE
DRAWN BY: Z.L. 01-19-23
REV: 3 05-03-23 Z.L.
(UPDATE WELL BORE)

Development Overview

Case Nos. 23565, 23566



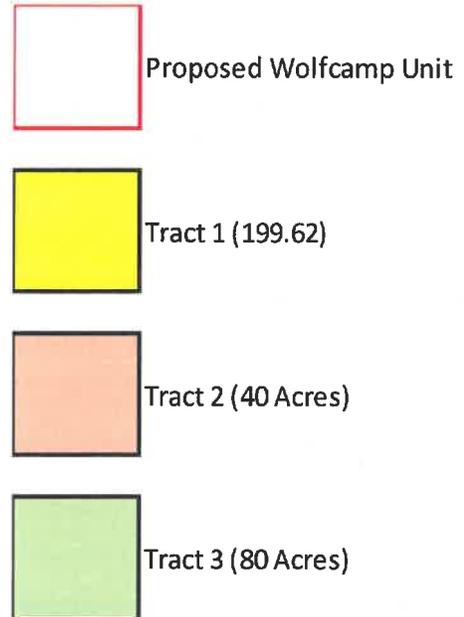
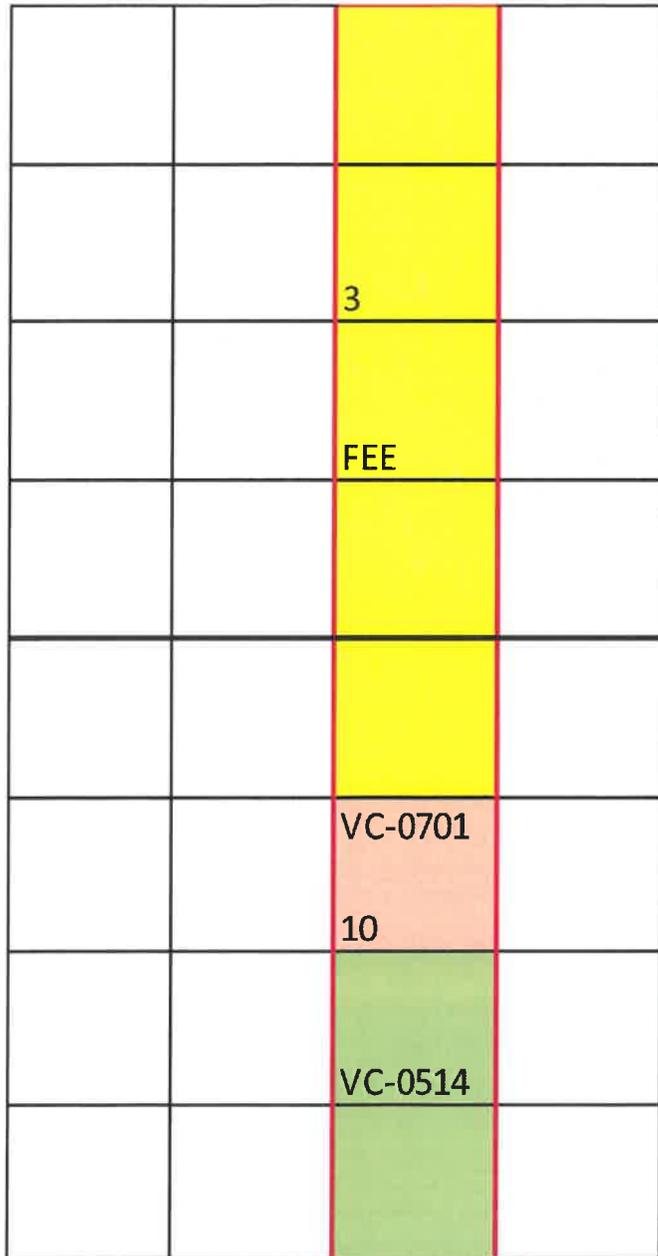
-  Franklin Mountain Acreage
-  Wolfcamp Spacing Unit
-  Bone Spring Spacing Unit

1 mile



Lease Tract Map

Case No. 23565
W/2E/2 of Sections 3 & 10-T19S-R35E, 319.62 Acres
Eagle State Com 703H



Summary of Interests

Case No. 23565
W/2E/2 of Sections 3 & 10-T19S-R35E, 319.62 Acres
Eagle State Com 703H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	87.485139%
Northern Oil and Gas Inc.	12.514861%
Uncommitted Working Interest	
	0.000000%
Total:	100.000000%



Unit Recapitulation

Case No. 23565
 W/2E/2 of Sections 3 & 10-T19S-R35E, 319.62 Acres
 Eagle State Com 703H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	87.485139%
Northern Oil and Gas Inc.	12.514861%
Uncommitted Working Interest	
	0.000000%
Total:	100.000000%

		3	
		FEE	
		VC-0701	
		10	
		VC-0514	

Tract	Lease
1	FEE
2	VC-0701
3	VC-0514



Summary of Contacts

- Franklin retained a broker who conducted 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.
- There is only one other working interest owner in this acreage, Northern Oil and Gas Inc.
- Franklin initially sent a well proposal to Northern Oil and Gas Inc. on or around February 1, 2023.
- Franklin modified its proposal and sent a revised well proposal letter to Northern Oil and Gas Inc. on or around April 5, 2023.
- Franklin proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letter.
- Northern Oil and Gas Inc. is the only working interest owner Franklin seeks to pool.
- Franklin’s communications with Northern Oil and Gas Inc. are outlined in the chart below.
- Franklin has not been able to reach voluntary agreement with Northern Oil and Gas Inc. and so filed an application to pool.
- Franklin’s counsel sent notices of the force pooling application to Northern Oil and Gas Inc.’s address of record.
- 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
Northern Oil and Gas	February 1, 2023	3/6/2023	
Northern Oil and Gas	April 5, 2023	5/3/2023	Participating under JOA (JOA Pending) Last updated sent 5/19/2023





Sent via USPS: 9405 5036 9930 0517 7728 57

April 5, 2023

Northern Oil and Gas Inc.
 4350 Baker Rd, Ste 400
 Minnetonka, MN 55343
 Attn: Land Department, Delaware Basin

RE: **Well Proposals**
 Township 19 South, Range 35 East:
 Sections 3 & 10: W/2E/2
 Lea County, New Mexico
 319.62 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
Eagle State Com 303H	1st Bone Spring	9,057'	19,057'	Sec. 3-T19S-R35E: 325' FNL, 1920' FWL	Sec. 10-T19S-R35E: 100' FSL, 2180' FEL	\$11,355,549.08	N/A
Eagle State Com 703H	Wolfcamp A	10,445'	20,445'	Sec. 3-T19S-R35E: 325' FNL, 1945' FWL	Sec. 10-T19S-R35E: 100' FSL, 2180' FEL	\$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

44 Cook Street | Suite 1000 | Denver, CO 80206

OCD Hearing Exhibits 6-1-23

No. 23565





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 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) 414-7863.

Respectfully,

Franklin Mountain Energy 3, LLC

A handwritten signature in blue ink, appearing to read "Don Johnson", followed by a horizontal line extending to the right.

Don Johnson
Sr. Land Analyst



Eagle State Com 303H:

_____ I/We hereby elect to participate in the **Eagle State Com 303H** well.
 _____ I/We hereby elect **NOT** to participate in the **Eagle State Com 303H** well.

Eagle State Com 703H:

_____ I/We hereby elect to participate in the **Eagle State Com 703H** well.
 _____ I/We hereby elect **NOT** to participate in the **Eagle State Com 703H** well.

Owner: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

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

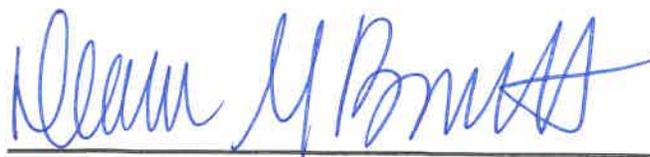
CASE NO. 23565

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 letters, dated May 11, 2023, and attached hereto, as Exhibit A.
- 2) Exhibit B are the mailing lists, which show the notice letter to Northern Oil and Gas was delivered to the USPS for mailing on May 11, 2023; and the notice letter to the State of New Mexico was delivered to USPS for mailing on May 12, 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 shows the names and addresses of the parties to whom notice was sent and proof of delivery.
- 4) Exhibit D is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the June 1, 2023 hearing was published on May 17, 2023.
- 5) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: May 30, 2023


Deana M. Bennett



OCD Hearing Exhibits 6-1-23

No. 23565



MODRALL SPERLING

L A W Y E R S

May 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. 23565

**APPLICATION OF FRANKLIN MOUNTAIN ENERGY 3, LLC
FOR COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO**

CASE NO. 23566

TO: AFFECTED PARTIES

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

In Case No. 23565, 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 W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 703H** 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.

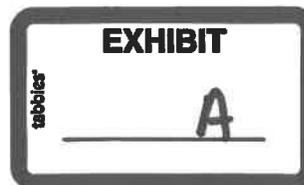
In Case No. 23566, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 303H**

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

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 June 1, 2023 beginning at 8:15 a.m. To participate in the electronic hearing, see the posted on the docket for the hearing date: <https://www.cmnrd.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 these applications, we are notifying you of your right to appear at the hearing and participate in these cases, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in these cases at a later date.

You are further notified that if you desire to appear in these cases, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,



Deana M. Bennett

Attorney for Applicant

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

APPLICATION OF FRANKLIN MOUNTAIN
ENERGY 3, LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NO. 23565

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 W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate the W/2E/2 of Sections 3 and 10, Township 19 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 **Eagle State Com 703H** 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 June 1, 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 W/2E/2 of Sections 3 and 10, Township 19 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. 23565 : Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 703H** 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.

**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. 23566

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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

Received by OCD: 5/2/2023 4:58:56 PM

Page 3 of 3

CASE NO. 23566 : Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 303H** 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.

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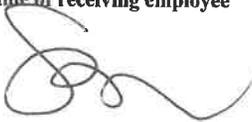
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Modrall Sperling Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

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Type of Mailing: CERTIFIED MAIL
05/11/2023

Firm Mailing Book ID: 246094

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0107 8553 30	Northern Oil and Gas, Inc. 4350 Baker Road, Suite 400 Minnetonka MN 55343	\$1.74	\$4.15	\$2.10	\$0.00	10154.0001 No. 23565,
Totals:			\$1.74	\$4.15	\$2.10	\$0.00	
Grand Total:						\$7.99	

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
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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
05/12/2023

Firm Mailing Book ID: 246134

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0107 8962 96	State of New Mexico 310 Old Santa Fe Trail Santa Fe NM 87501	\$1.50	\$4.15	\$2.10	\$0.00	10154.0001, NO. 23565
Totals:			\$1.50	\$4.15	\$2.10	\$0.00	
Grand Total:						\$7.75	

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
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May 17, 2023

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The following is in response to your request for proof of delivery on your item with the tracking number: 9314 8699 0430 0107 8553 30.

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Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: Northern Oil and Gas Inc

Shipment Details

Weight: 3.0oz

Destination Delivery Address

Street Address: 4350 BAKER RD STE 400
City, State ZIP Code: HOPKINS, MN 55343-8628

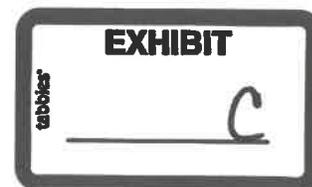
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Signature of Recipient:	NOGS NOGS
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OCD Hearing Exhibits 6-1-23

No. 23565

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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
May 17, 2023
and ending with the issue dated
May 17, 2023.



Publisher

Sworn and subscribed to before me this
17th day of May 2023.



Business Manager

My commission expires
January 29, 2027

(Seal)
**STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027**

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

**LEGAL NOTICE
May 17, 2023**

CASE NO. 23565: Notice to all affected parties, as well as heirs and devisees of: Northern Oil and Gas, Inc.; and State of New Mexico of Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on **June 1, 2023** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oqd/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 W/2E/2 of Sections 3 and 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 703H** 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.

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#00278681

01104570

00278681

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



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. 23565

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** through **Exhibit C.6** are the geology study I prepared for the **Eagle State Com 703H well**, which will target the Wolfcamp formation.

7. **Exhibit C.3** is a structure map of the Wolfcamp formation. The proposed spacing unit is identified by a blue box. The Eagle State Com 703H well proposed in this case is identified by the black-dashed line. The contour interval used in this exhibit is 25 feet. This exhibit shows that the structure dips gently to the southwest.



OCD Hearing Exhibits 6-1-23

No. 23565

8. **Exhibit C.4** is a cross-section reference map that identifies five wells in the vicinity of the proposed Eagle State Com 703H well, shown by a line of cross-section running from A to A'.

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

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

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

12. I conclude from the geology studies referenced above that:

- a. The horizontal spacing unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the proposed unit will contribute more or less equally to production.

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

14. The preferred well orientation in this area is either north/south or south/north, nearly orthogonal to S_{Hmax} , optimal for inducted fracture propagation. This is because the S_{Hmax} is at approximately 255 degrees ENE in this area of Lea County.

15. In my opinion, the granting of FME3's 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.

[Signature page follows]

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 26, 2023

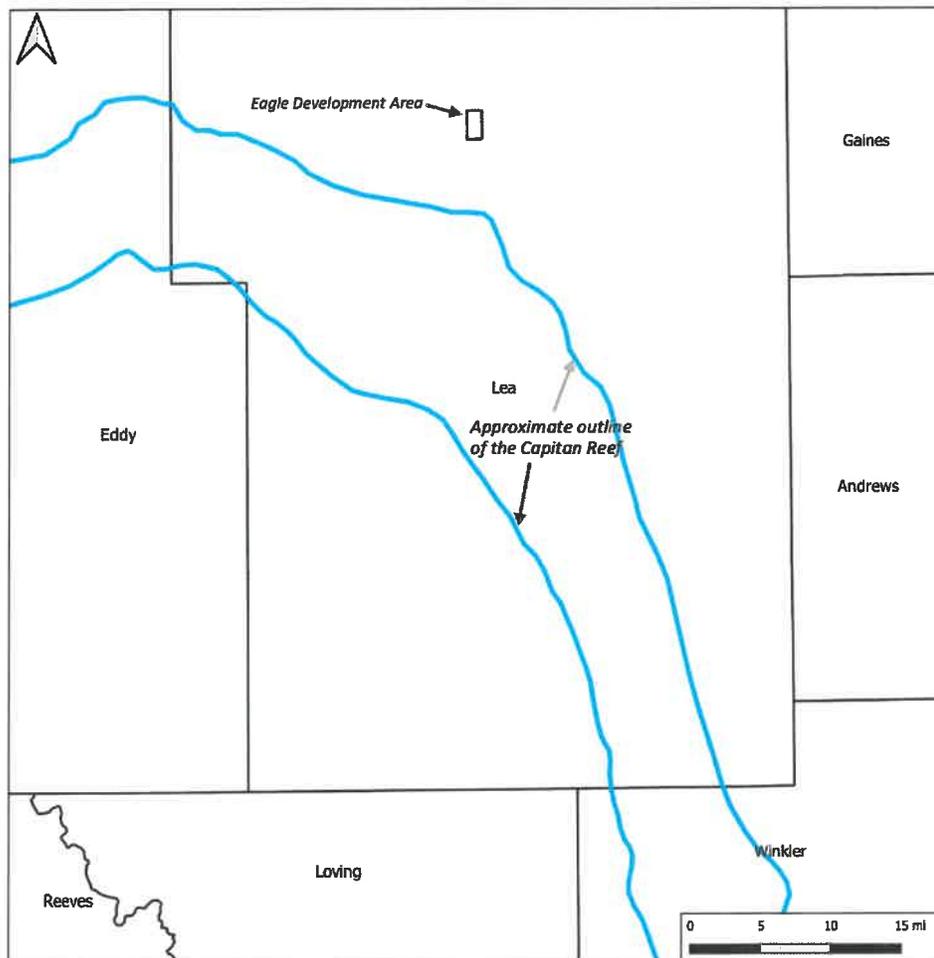


Ben Kessel



Eagle Development

Locator Map

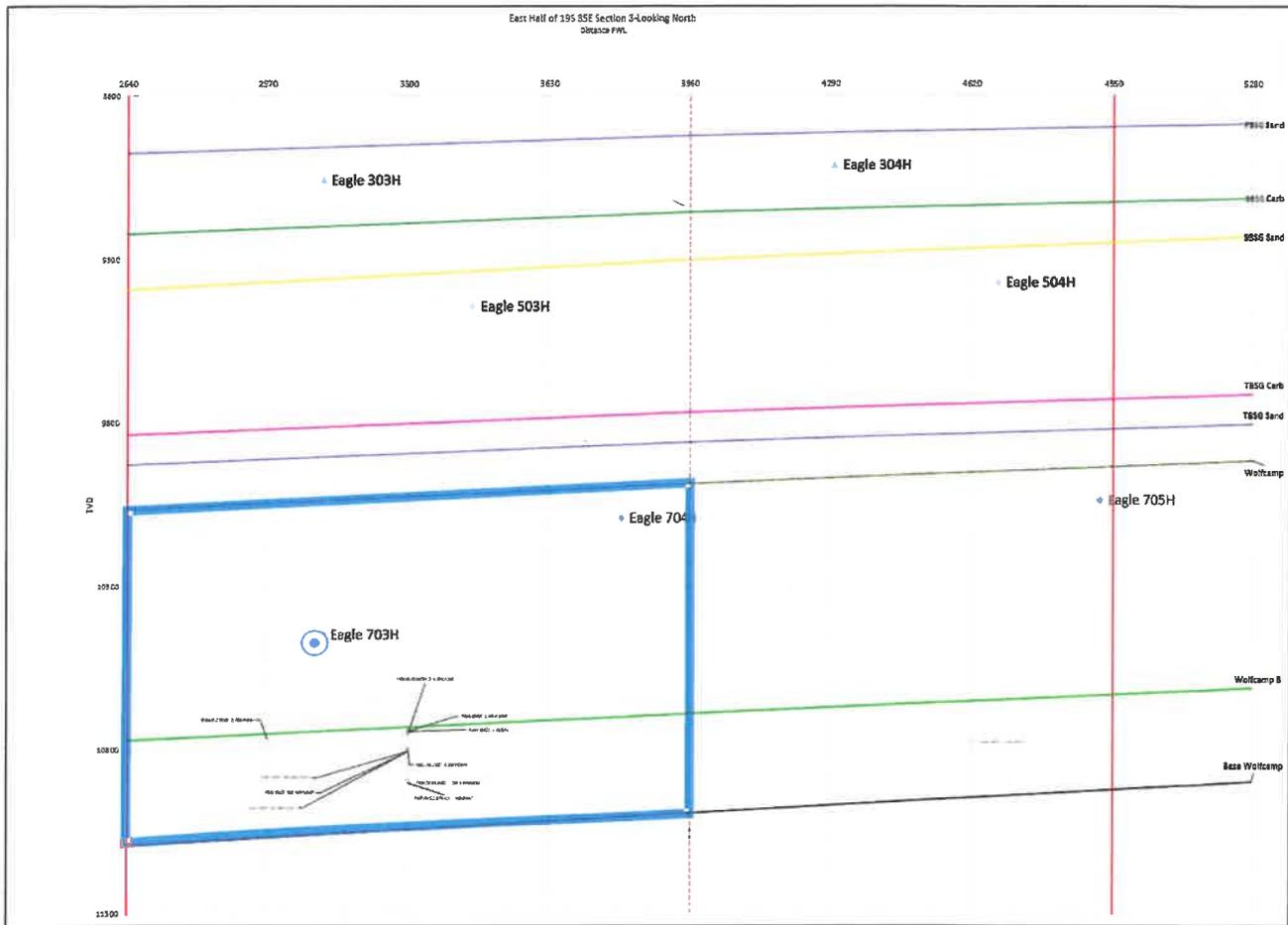


- Black box shows the location of Eagle development area
- Planned wells are located outside of the eastern edge of the Capitan Reef

https://www.twdb.texas.gov/publications/reports/contracted_reports/doc/0804830794CapitanReef/Final%20Revised%20Capitan%20PDF%20w_Seals.pdf



Wellbore Schematic

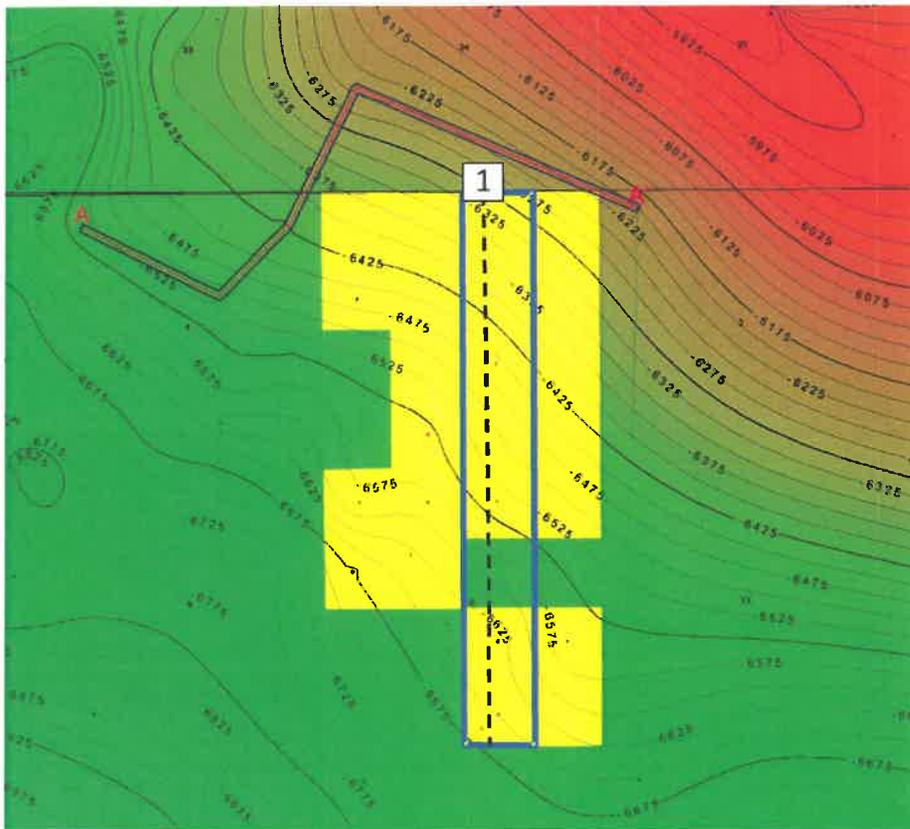


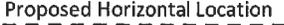
⊙ Proposed Lateral

□ Wolfcamp Spacing Unit



Wolfcamp Structure



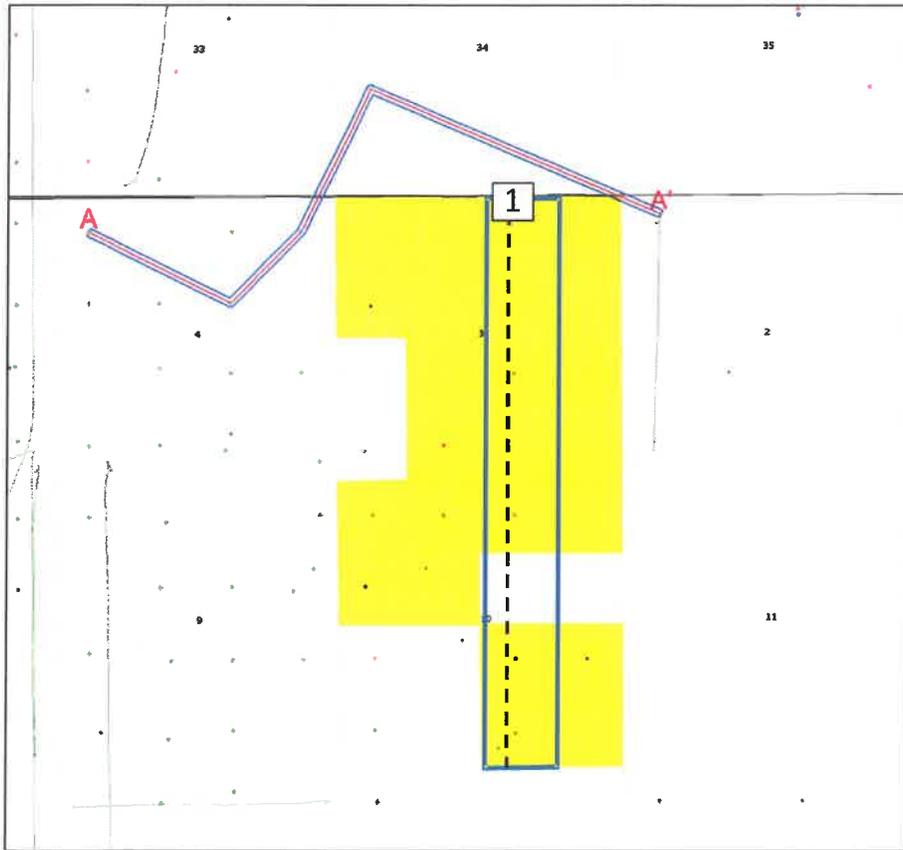
-  Franklin Mountain Acreage
-  Wolfcamp Spacing Unit
-  Proposed Horizontal Location
-  Eagle State Com 703H

All wells shown

1 mile



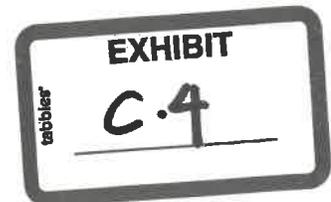
Cross Section Reference Map



- Franklin Mountain Acreage
- Wolfcamp Spacing Unit
- Proposed Horizontal Location
- Eagle State Com 703H

All wells shown

1 mile



Wolfcamp Cross Section

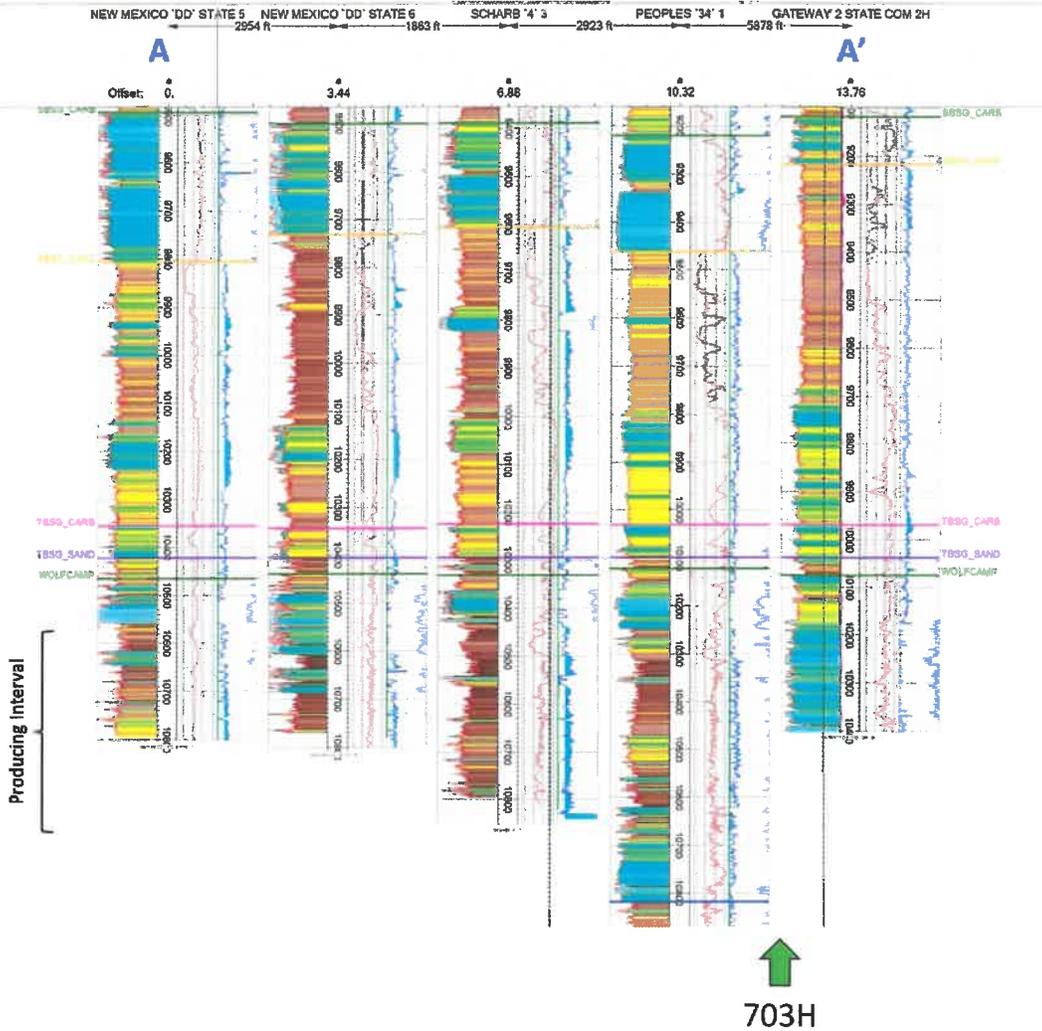
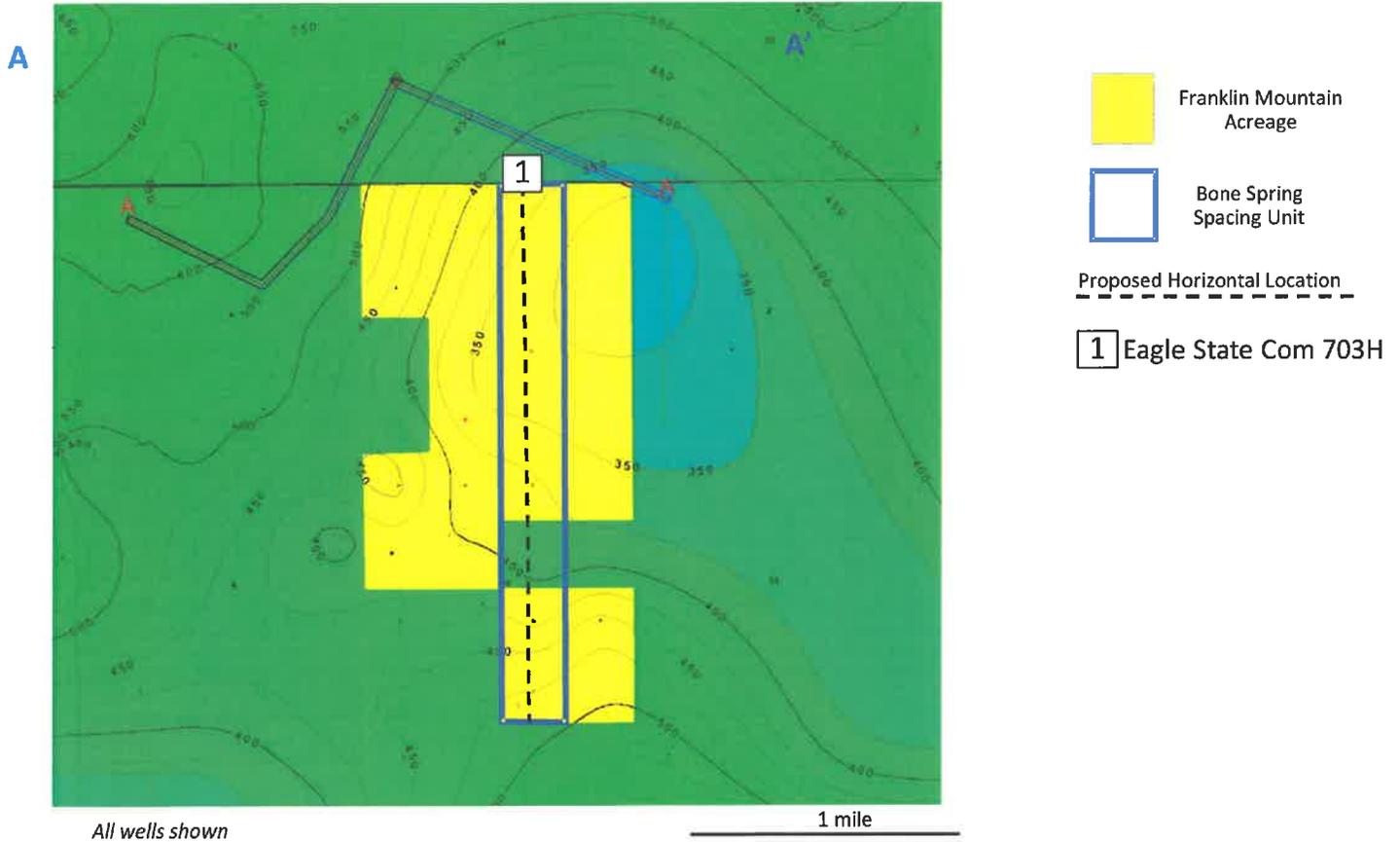


EXHIBIT
C-5

Wolfcamp Isopach



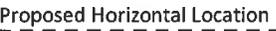
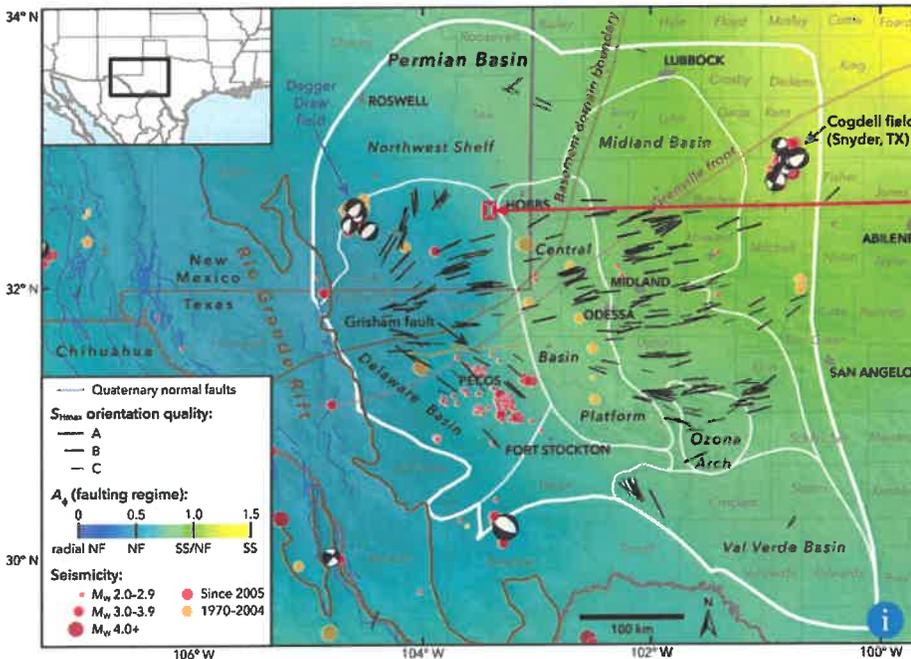
-  Franklin Mountain Acreage
-  Bone Spring Spacing Unit
-  Proposed Horizontal Location
-  Eagle State Com 703H

EXHIBIT
C.6

Regional Stress



- Red box shows the approximate location of the Eagle development
- Reported local S_{Hmax} (Snee and Zoback, 2018) direction is ENE, around 255°
- The Eagle State Com 703H well is planned to drill N-S, nearly orthogonal to S_{Hmax} , optimal for induced fracture propagation

Snee, J.L. and Zoback, M.D., 2018, State of stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity: The Leading Edge, 37, no. 2
http://www.tleonline.org/theleadingedge/february_2018/MobilePagedArticle.action?articleId=1331603#articleId1331603

