



Before the Oil Conservation Division
Examiner Hearing Jan 18th, 2024
Compulsory Pooling

Case No. 24107: Alpha State Com 303H
Alpha State Com 503H
Alpha State Com 603H

**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. 24107

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COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS****Case: 24107****APPLICANT'S RESPONSE****Date****January 18, 2024**

Applicant

Franklin Mountain Energy 3, LLC

Designated Operator & OGRID (affiliation if applicable)

Franklin Mountain Energy 3, LLC OGRID No. 331595

Applicant's Counsel:

Modrall, Sperling, Roehl, Harris, & Sisk, P.A.

Case Title:

Application of Franklin Mountain Energy 3, LLC for Compulsory Pooling, Lea County, New Mexico.

Entries of Appearance/Intervenors:

None.

Well Family

Alpha State

Formation/Pool

Formation Name(s) or Vertical Extent:

Bone Spring

Primary Product (Oil or Gas):

Oil

Pooling this vertical extent:

Bone Spring

Pool Name and Pool Code:

Scharb; Bone Spring Pool (Code 55610)

Well Location Setback Rules:

State-Wide Rules Apply

Spacing Unit

Type (Horizontal/Vertical)

Horizontal

Size (Acres)

319.69-acres

Building Blocks:

40-Acres (Note: OCD pool code spreadsheet states that the Scharb; Bone Spring Pool has 80-acre building blocks, which is likely superceded by statewide rules. In any event, even with the 80-acre building blocks, the unit is standard.)

Orientation:

North/South

Description: TRS/County

W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), 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?

Yes.

Other Situations

Depth Severance: Y/N. If yes, description

N/A

Proximity Tracts: If yes, description

N/A

Proximity Defining Well: if yes, description

N/A

Applicant's Ownership in Each Tract

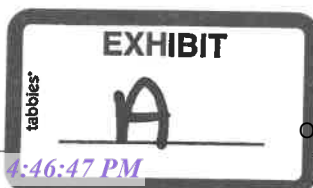
See Exhibit B.3

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: Alpha State Com 303H



SHL: 452' FSL & 1395' FEL, Section 4, T19S, R35E

BHL: 130' FNL & 1680' FEL, Section 33, T18S, R35E

Completion Target: First Bone Spring (Approx. 9,392' TVD)

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Well #2: Alpha State Com 503H	SHL: 452' FSL & 1365' FEL, Section 4, T19S, R35E BHL: 130' FNL & 2290' FEL, Section 33, T18S, R35E Completion Target: Second Bone Spring (Approx. 10,002' TVD)
Well #3: Alpha State Com 603H	SHL: 552' FSL & 1365' FEL, Section 4, T19S, R35E BHL: 130' FNL & 1680' FEL, Section 33, T18S, R35E Completion Target: Third Bone Spring (Approx. 10,339' TVD)
Horizontal Well First and Last Take Points	See Exhibit B.2
Completion Target (Formation, TVD and MD)	See Exhibit B.6
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$9,000.00
Production Supervision/Month \$	\$900.00
Justification for Supervision Costs	See Exhibit B Paragraph 24
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit D
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit B.3
Tract List (including lease numbers and owners)	Exhibit B.3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit B.5
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit B.6
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.3
Chronology of Contact with Non-Joined Working Interests	Exhibit B.4
Overhead Rates In Proposal Letter	Exhibit B.6
Cost Estimate to Drill and Complete	Exhibit B.7
Cost Estimate to Equip Well	Exhibit B.7
Cost Estimate for Production Facilities	Exhibit B.7
Geology	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibit C.1
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.1
Well Orientation (with rationale)	Exhibit C.15
Target Formation	Exhibit C.3 to C.6; C.7 to C.10; C.11 to C.14

HSU Cross Section	Exhibit C.4; C.8; C.12
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	See Exhibit B.2
Tracts	Exhibit B.3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.3
General Location Map (including basin)	Exhibit C.1
Well Bore Location Map	Exhibit C.2
Structure Contour Map - Subsea Depth	Exhibit C.3, C.7, and C.11
Cross Section Location Map (including wells)	Exhibit C.4, C.8, and C.12
Cross Section (including Landing Zone)	Exhibit C.5, C.9, and C.13
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Deana M. Bennett
Signed Name (Attorney or Party Representative):	/s/ Deana M. Bennett
Date:	1/16/2024

**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. 24107

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

AFFIDAVIT OF DON JOHNSON

Don Johnson, being duly sworn, deposes and states as follows:

1. I am over the age of 18, I am a landman for Franklin Mountain Energy 3, LLC (“Franklin”), and I 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 landman were accepted by the Division as a matter of record.

2. My area of responsibility at Franklin includes the area of Lea County in New Mexico.

3. I am familiar with the application filed by Franklin in this case, which is attached as **Exhibit B.1**.

4. I am familiar with the status of the lands that are subject to the application.

5. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling application.

6. The purpose of the application is to force pool all uncommitted interests into the horizontal spacing unit described below, and in the wells to be drilled in the unit.



7. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells.

8. In this case, Franklin seeks an order from the Division pooling all uncommitted mineral interests within a 319.69-acre, more or less, Bone Spring horizontal spacing unit comprising W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

9. This spacing unit will be dedicated to the **Alpha State Com 303H, Alpha State Com 503H and Alpha State Com 603H wells**, to be horizontally drilled.

10. Attached as **Exhibit B.2** are the proposed C-102s for the wells.

11. The C-102s identify the proposed surface hole locations and the bottom hole locations, and the first take points. The C-102s also identify the pool and pool code.

12. The wells will develop the SCHARB; BONE SPRING pool, Pool Code 55610.

13. According to the OCD pool code spreadsheet this pool is an oil pool with 80-acre building blocks.

14. The state-wide rules provide for 40-acre building blocks for oil pools.

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

16. The spacing unit is expected to be standard even if it is subject to 80-acre building blocks.

17. The producing areas for the wells are 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 wells are 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 the Authorizations for Expenditure.

21. In my opinion, Franklin has made a good faith effort to obtain voluntary joinder of the unleased mineral interest owners in the proposed wells.

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

23. **Exhibit B.5** is a list of the parties being pooled for this case.

24. **Exhibit B.6** 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 wells.

25. **Exhibit B.7** contains the Authorizations for Expenditure for the proposed wells. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

26. Franklin requests overhead and administrative rates of \$9,000 month for drilling the wells and \$900 month for the producing wells. 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. Franklin requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

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

28. Franklin requests that it be designated operator of the wells.

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

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

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

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

[Signature page follows]

Dated: December 28, 2023

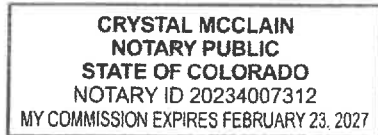

Don Johnson


State of Colorado

County of Denver

This record was acknowledged before me on December 28, 2023, by Don Johnson.

[Stamp]




Notary Public in and for the
State of Colorado
Commission Number: 20234007312

My Commission Expires: 2/23/27

**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. 24107

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 319.69-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), 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/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 319.69-acre, more or less, Bone Spring horizontal spacing unit.
3. Franklin plans to drill the **Alpha State Com 303H, Alpha State Com 503H, and Alpha State Com 603H wells** to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled, and the producing area for the wells are expected to be orthodox.



4. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 4, 2024 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), 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 wells;

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 wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: /s/ Deana M. Bennett
Earl E. DeBrine, Jr.
Deana M. Bennett

Yarithza Peña
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
edebrinc@modrall.com
deana.bennett@modrall.com
yarithza.pena@modrall.com
Attorneys for Applicant

CASE NO. 24107 : 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 319.69-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 303H, Alpha State Com 503H, and Alpha State Com 603H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 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 55610	³ Pool Name SCHARB; BONE SPRING
⁴ Property Code	⁵ Property Name ALPHA STATE COM	⁶ Well Number 303H
⁷ GRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3890.8'

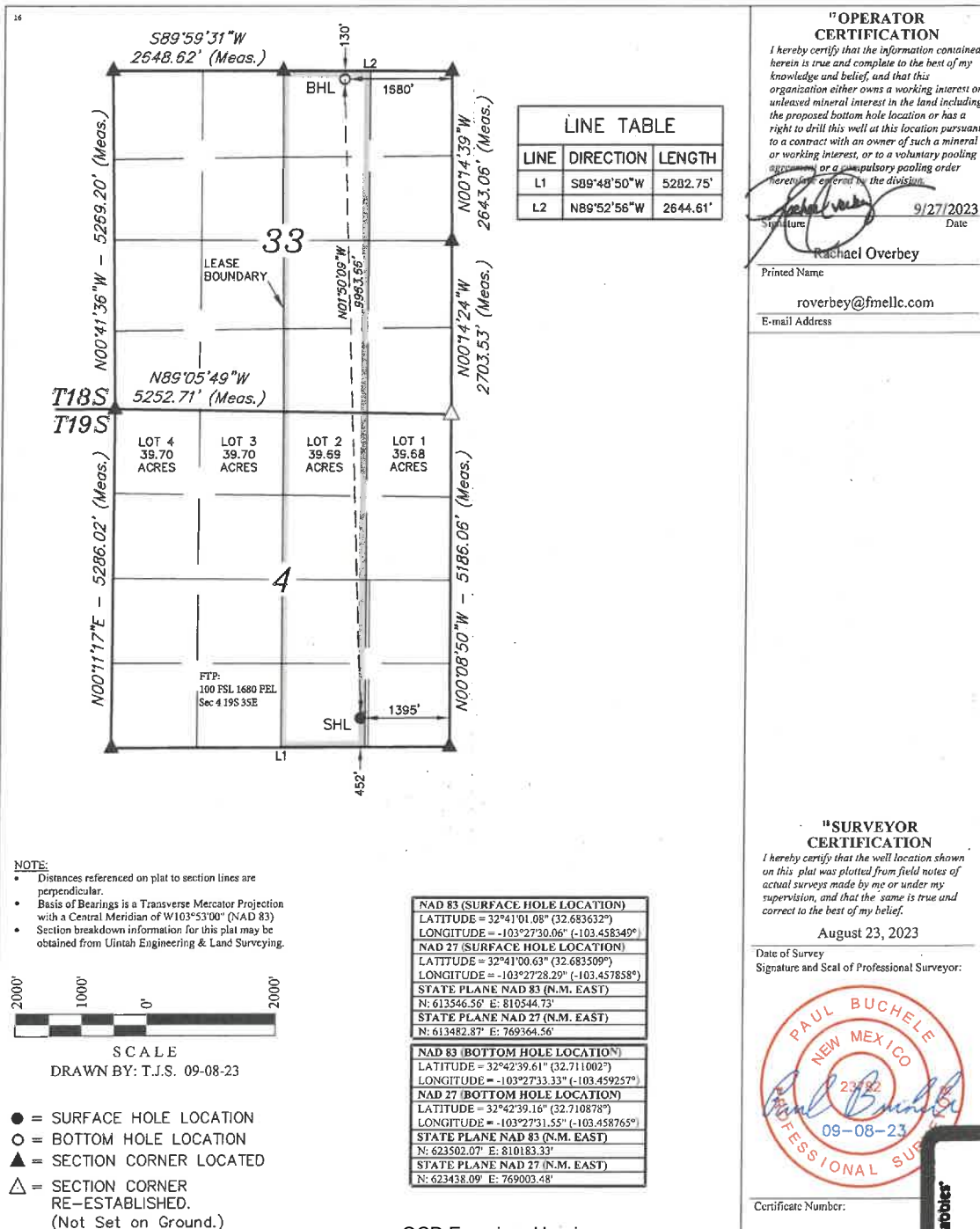
¹⁰ Surface Location

UL or lot no. O	Section 4	Township 19S	Range 35E	Lot Idn	Feet from the 452	North/South line SOUTH	Feet from the 1395	East/West line EAST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. B	Section 33	Township 18S	Range 35E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 1680	East/West line EAST	County LEA
¹² Dedicated Acres 319.69	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.



OCD Examiner Hearing

No. 24107

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District I
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 55610	³ Pool Name SCHARB; BONE SPRING
⁴ Property Code	⁵ Property Name ALPHA STATE COM	⁶ Well Number 503H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3891.2'

¹⁰ Surface Location

UL or lot no. O	Section 4	Township 19S	Range 35E	Lot Idn	Feet from the 452	North/South line SOUTH	Feet from the 1365	East/West line EAST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. B	Section 33	Township 18S	Range 35E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 2290	East/West line EAST	County LEA
¹² Dedicated Acres 319.69	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.

LINE TABLE

LINE	DIRECTION	LENGTH
L1	S89°48'50"W	5282.75'
L2	N89°52'56"W	2644.61'

"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 entered into by the division.

Signature: *Rachael Overbey* Date: 9/27/2023

Printed Name: Rachael Overbey

E-mail Address: roverbey@fmeilc.com

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.

SCALE
DRAWN BY: T.J.S. 09-08-23

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

"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.

August 23, 2023

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number:

OCD Examiner Hearing

No. 24107

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 55610	³ Pool Name SCHARB; BONE SPRING
⁴ Property Code	⁵ Property Name ALPHA STATE COM	⁶ Well Number 603H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3894.8'

¹⁰ Surface Location

UL or lot no. O	Section 4	Township 19S	Range 35E	Lot Idn	Feet from the 552	North/South line SOUTH	Feet from the 1365	East/West line EAST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. B	Section 33	Township 18S	Range 35E	Lot Idn	Feet from the 130	North/South line NORTH	Feet from the 1680	East/West line EAST	County LEA
¹² Dedicated Acres 319.69	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.

LINE TABLE

LINE	DIRECTION	LENGTH
L1	S89°48'50"W	5282.75'
L2	N89°52'56"W	2644.61'

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 entered by the division.

Signature: *Rachael Overbey* Date: 9/27/2023

Printed Name: Rachael Overbey

E-mail Address: roverbey@fmllc.com

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 Utah Engineering & Land Surveying.

SCALE
DRAWN BY: T.J.S. 09-08-23

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

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.

August 23, 2023

Date of Survey

Signature and Seal of Professional Surveyor:

NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°41'02.06" (32.683907°)
LONGITUDE = -103°27'29.71" (-103.458252°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°41'01.62" (32.683783°)
LONGITUDE = -103°27'27.94" (-103.457760°)
STATE PLANE NAD 83 (N.M. EAST)
N: 613646.77' E: 810573.97'
STATE PLANE NAD 27 (N.M. EAST)
N: 613583.07' E: 769393.81'

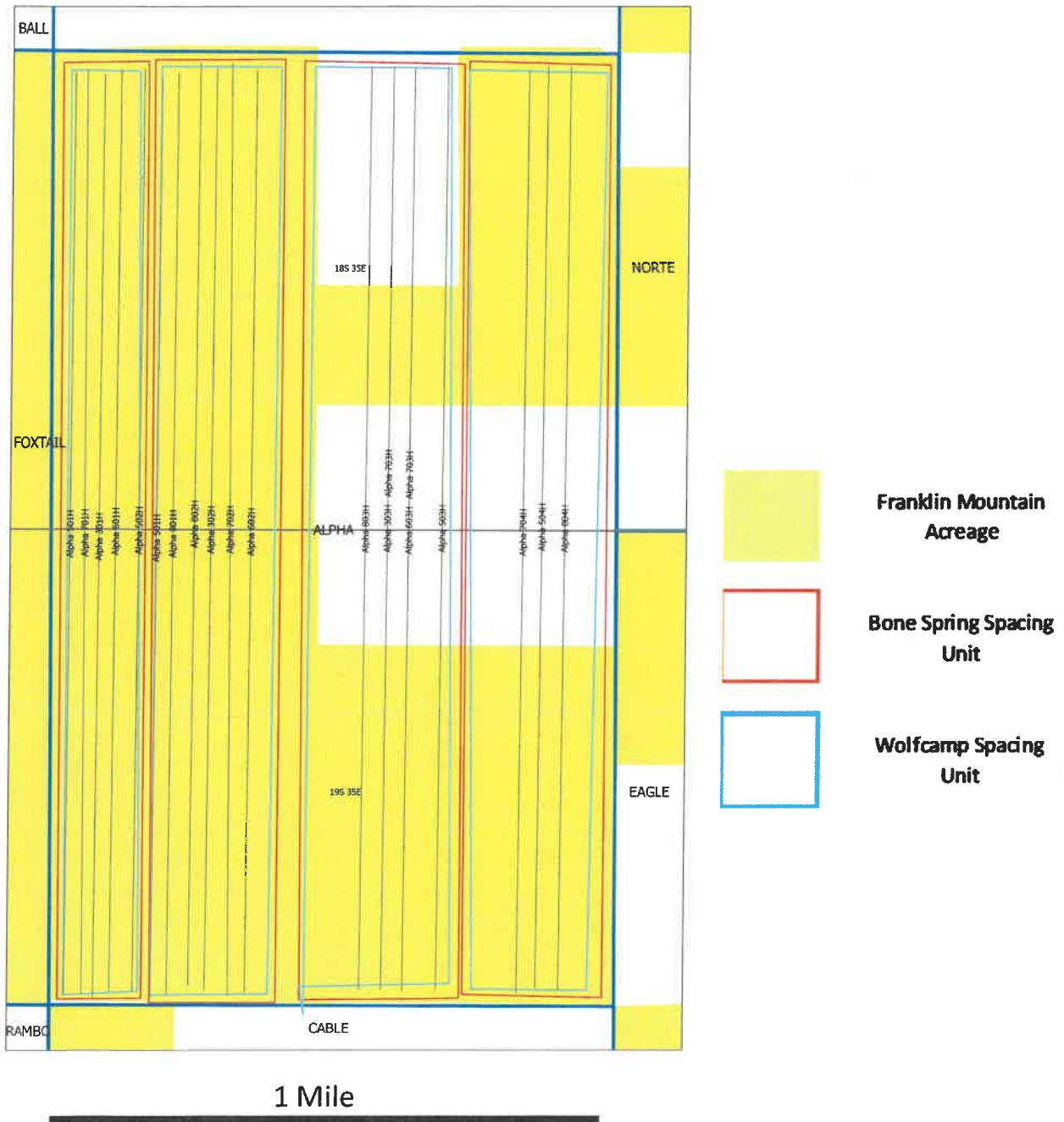
NAD 83 (BOTTOM HOLE LOCATION)
LATITUDE = 32°42'39.61" (32.711002°)
LONGITUDE = -103°27'33.33" (-103.459257°)
NAD 27 (BOTTOM HOLE LOCATION)
LATITUDE = 32°42'39.16" (32.710878°)
LONGITUDE = -103°27'31.55" (-103.458765°)
STATE PLANE NAD 83 (N.M. EAST)
N: 623502.07' E: 810183.33'
STATE PLANE NAD 27 (N.M. EAST)
N: 623438.09' E: 769003.48'

OCD Examiner Hearing

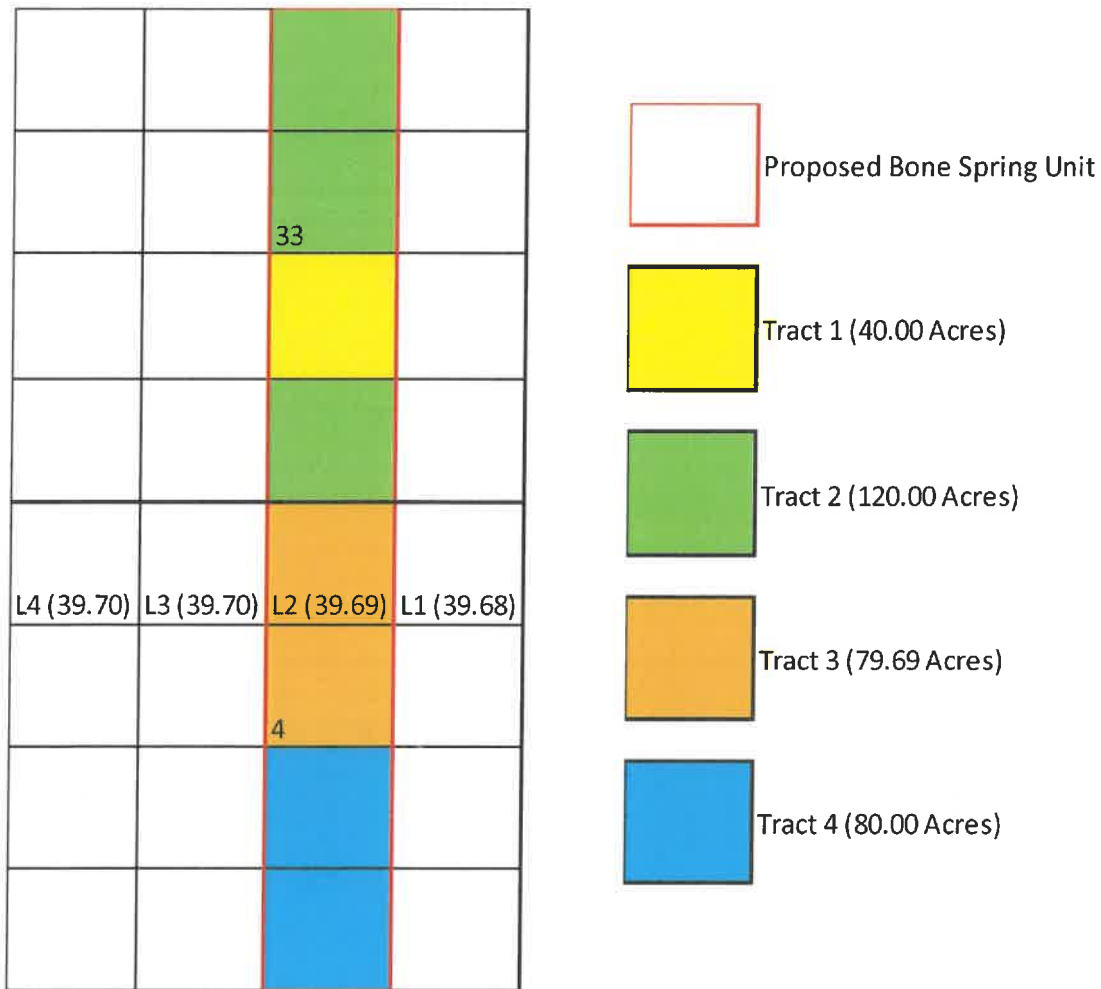
No. 24107

Development Overview

Case Nos. 24107



Lease Tract Map
Case No. 24107
W/2E/2 of Sections 33-T18S-35E & Section 4-T19S-R35E
319.69 Acres
Alpha State Com 303H
Alpha State Com 503H
Alpha State Com 603H



Summary of Interests
Case No. 24107
W/2E/2 of Sections 33-T18S-35E & Section 4-T19S-R35E
319.69 Acres
Alpha State Com 303H
Alpha State Com 503H
Alpha State Com 603H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	50.048484%
Uncommitted Working Interest	
Marathon Oil Permian, LLC	49.951516%
Total:	100.000000%



Unit Recapitulation
Case No. 24107
W/2E/2 of Sections 33-T18S-35E & Section 4-T19S-R35E
319.69 Acres
Alpha State Com 303H
Alpha State Com 503H
Alpha State Com 603H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	50.048484%
Uncommitted Working Interest	
Marathon Oil Permian, LLC	49.951516%
Total:	100.000000%

		33	
L4 (39.70)	L3 (39.70)	L2 (39.69)	L1 (39.68)
		4	

Tract	Lease	%
1	FEE	12.5121%
2	EO-5014	37.5364%
3	A0-4096	24.9273%
4	VC-0512	25.0242%



Summary of Contacts

(Case No. 24103, 24104, 24105, 24106, 24107, 24108, 24109)

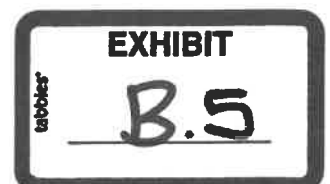
- Franklin retained a broker who conducted extensive title work to determine the working interest owners and other interest owners.
- Franklin sent well proposal letters to the working interest owners on or around August 24th, 2023.
- Franklin proposed general terms of a Joint Operating Agreements (JOA) 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 uncommitted working interest owners who had not entered in to an agreement.
- Franklin's counsel sent notices of the force pooling applications to the addresses of record for the uncommitted interest owners and also for overriding royalty interest owners.
- Franklin also published notice in a newspaper of general circulation in the county where the wells will be located.

Name	Ownership Type	Date Proposal Letter Sent	Proposal Letter Received	Follow Up
Marathon Oil Permian, LLC	WI	10/6/2023	10/10/2023	Email exchanged on 10/30/2023 about MRO interest and estimated spud dates
TH McElvain Oil & Gas LLLP	WI	10/6/2023	10/7/2023	Email Exchange on 10/9/2023 about interest and estimated spud dates. JOA negotiations



Parties To Be Pooled
Case No. 24107

Marathon Oil Permian, LLC	WI
CEP Minerals	ORRI
Collins & Jones Investments, LLC	ORRI
Crown Oil Partners, LP	ORRI
David W. Cromwell	ORRI
Deane Durham	ORRI
Good News Minerals, LLC	ORRI
H. Jason Wacker	ORRI
Kaleb Smith	ORRI
KMF Land, LLC	ORRI
LMC Energy, LLC	ORRI
Luckaloy Limited Company A New Mexico Limited Liability Co.	ORRI
MCT Energy, Ltd	ORRI
Mike Moylett	ORRI
Oak Valley Mineral And Land, LP	ORRI
Post Oak Crown IV, LLC	ORRI
Post Oak Crown IVB, LLC	ORRI
Post Oak Mavros, II, LLC	ORRI
SB Land, LLC	ORRI
Sortida Resources, LLC	ORRI
Susannah D. Adelson, Trustees of James Adelson & Family 2015 Trusts	ORRI
William J. McCaw	ORRI
Zunis Energy, LLC	ORRI





Sent via USPS: 405509205568859546704

October 6, 2023

Marathon Oil Permian, LLC
 990 Town and Country Blvd
 Houston, TX 77024
 Attn: Land Dept, Permian Basin

RE: **Well Proposals**
 Township 19 South, Range 35 East
 Section 4: W2E2
 Township 18 South, Range 35 East
 Section 33: W2E2
 Lea County, New Mexico
 320.00 acres, more or less

Dear Working Interest Owner:

Franklin Mountain Energy 3, LLC ("FME3"), as Operator, hereby proposes the drilling and completion of the following wells:

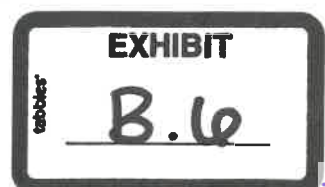
Well Name	Target Formation	Total Vertical Depth	Measured Depth	SHL	BHL	Total AFE	Order
Alpha State Com 303H	1BS	9,392'	19,392'	Sec 4-T19S-R35E 452 FSL 1395 FEL	Sec 33-T18S-R35E 130 FNL 1680 FEL	\$11,355,549.08	N/A
Alpha State Com 503H	2BS	10,002'	20,002'	Sec 4-T19S-R35E 452 FSL 1365 FEL	Sec 33-T18S-R35E 130 FNL 2290 FEL	\$11,355,549.08	N/A
Alpha State Com 603H	3BS	10,339'	20,339'	Sec 4-T19S-R35E 552 FSL 1365 FEL	Sec 33-T18S-R35E 130 FNL 1680 FEL	\$11,650,592.43	N/A
Alpha State Com 703H	WCA	10,860'	20,860'	Sec 4-T19S-R35E 452 FSL 1335 FEL	Sec 33-T18S-R35E 130 FNL 2290 FEL	\$11,650,592.43	N/A

44 Cook Street | Suite 1000 | Denver, CO 80206

OCD Examiner Hearing

No. 24107

22





Alpha State Com 803H	WCB	11,342'	21,342'	Sec 4- T19S- R35E 552 FSL 1335 FEL	Sec 33- T18S- R35E 130 FNL 1680 FEL	\$11,783,083.07	N/A
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FME3 reserves the right to modify the locations and drilling plans described above in order to comply with any requirements from a governing regulatory agency or to address any topography, environmental and/or cultural concerns.

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

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

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

Please indicate your election in the space provided on the following page, sign and return this letter, along with a signed copy of the enclosed AFE. If you do not wish to participate, FME3 proposes a term assignment or lease at the following terms:

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

Please return your signed documents to Jon Rutledge at jrutledge@fme3.com or to the address provided below at your earliest convenience.

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



Should you have any questions, please do not hesitate to contact the undersigned at (303) 709-7007.

Respectfully,

Franklin Mountain Energy 3, LLC



Jon Rutledge
Landman



Alpha State Com 303H:

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

Alpha State Com 503H:

_____ I/We hereby elect to participate in the **Alpha State Com 503H** well.
_____ I/We hereby elect **NOT** to participate in the **Alpha State Com 503H** well.

Alpha State Com 603H:

_____ I/We hereby elect to participate in the **Alpha State Com 603H** well.
_____ I/We hereby elect **NOT** to participate in the **Alpha State Com 603H** well.

Alpha State Com 703H:

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

Alpha State Com 803H:

_____ I/We hereby elect to participate in the **Alpha State Com 803H** well.
_____ I/We hereby elect **NOT** to participate in the **Alpha State Com 803H** well.

Owner: Marathon Oil Permian, LLC

By: _____

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: Alpha State Cam 303H
Location: SHL: Sec 4-T19S-R35E 452 FSL 1395 FEL
BHL: Sec 33-T18S-R35E 130 FNL 1680 FEL
Operator: Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 10,000' IBS well
TVD 9,392', MD 19,392'

Well #: 303H
County/State: Lea Co., NM
Date Prepared: 8/23/2023
APE #: DCE230822

Intangible Drilling Costs				Intangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,000	240	5	ADMINISTRATIVE OVERHEAD	\$8,200
225	10	CASING CREW & EQPT	\$45,000	240	10	CASED HOLE LOGS & SURVEYS	\$6,635
225	15	CEMENTING INTERMEDIATE CASING	\$40,000	240	15	CASING CREW & EQPT	\$0
225	16	CEMENTING PRODUCTION CASING	\$80,000	240	20	COILED TUBING/SNUBBING UNIT	\$194,313
225	20	CEMENTING SURFACE CASING	\$36,000	240	25	COMMUNICATIONS	\$1,896
225	25	COMMUNICATIONS	\$19,000	240	30	COMPANY DIRECT LABOR	\$0
225	30	COMPLETION FLUIDS	\$6,000	240	35	COMPLETION/WORKOVER RIG	\$75,000
225	34	CONSTRUCTION/LOCATION & ROAD	\$45,000	240	45	CONTRACT LABOR/ROUSTABOUTS	\$23,697
225	40	CONTRACT LABOR	\$50,000	240	50	DAMAGES/RECLAMATION	\$1,896
225	45	DAMAGES	\$15,000	240	55	DISPOSAL SOLIDS	\$2,844
225	50	DAYWORK CONTRACT	\$520,000	240	60	ELECTRICAL POWER/GENERATION	\$0
225	55	DRILLING - DIRECTIONAL	\$200,000	240	62	ENGINEERING	\$5,687
225	60	DRILLING - FOOTAGE	\$90,000	240	65	ENVIRONMENTAL/CLEANUP	\$0
225	65	DRILLING BITS	\$90,000	240	70	FISHING TOOLS / SERVICES	\$0
225	70	ELECTRICAL POWER/GENERATION	\$0	240	71	FLUIDS/HAULING/DISPOSAL	\$180,000
225	75	ENGINEERING	\$20,000	240	72	FRAC WATER/COMPLETION FLUID	\$470,000
225	80	ENVIRONMENTAL SERVICES	\$200,000	240	75	FUEL, POWER/DIESEL	\$550,000
225	84	EQUIPMENT RENTAL DOWNHOLE	\$40,000	240	80	HEALTH & SAFETY	\$4,700
225	85	EQUIPMENT RENTAL	\$30,000	240	85	HOUSING AND SUPPORT SERVICES	\$14,000
225	90	FISHING TOOLS/SERVICES	\$0	240	90	MATERIALS & SUPPLIES	\$0
225	95	HEALTH & SAFETY	\$7,000	240	95	MISCELLANEOUS	\$0
225	100	HOUSING AND SUPPORT SERVICES	\$18,000	240	100	MUD & CHEMICALS	\$10,000
225	105	INSURANCE	\$1,700	240	110	P&A/TA COSTS	\$0
225	106	INSPECTIONS	\$15,000	240	115	PERFORATING/WIRELINE SERVICE	\$265,403
225	110	LEGAL, TITLE SERVICES	\$6,000	240	120	PIPE INSPECTION	\$0
225	115	MATERIALS & SUPPLIES	\$5,000	240	125	ROAD, LOCATIONS REPAIRS	\$2,000
225	120	MISCELLANEOUS	\$5,000	240	130	STIMULATION	\$2,616,000
225	125	MOUSER/ATHOLE/CONDUCT PIPE	\$31,000	240	135	SUBSURFACE EQUIPMENT RENTAL	\$37,915
225	130	MUD & CHEMICALS	\$180,000	240	140	SUPERVISION	\$90,047
225	140	OPENHOLE LOGGING	\$0	240	145	SURFACE EQUIP RENTAL	\$189,573
225	141	CASED HOLE LOGGING	\$0	240	150	TRANSPORTATION/TRUCKING	\$2,844
225	145	PERMITS, LICENSES, ETC	\$20,000	240	155	WATER TRANSFER	\$56,872
225	150	POWER FUEL & WATER HAULING	\$160,000	240	160	WELDING SERVICES	\$0
225	155	RIG MOVE & RACKING COSTS	\$130,000	240	165	WELL TESTING/FLOWBACK	\$165,000
225	160	RIG UP TEAR OUT & STANDBY	\$0	240	148	TAXES	\$273,599
225	163	SITE RESTORATION	\$10,000	240	40	CONTINGENCY COSTS 5%	\$248,726
225	165	STAKING & SURVEYING	\$6,000			Total Intangible Completion Costs:	\$5,496,845
225	170	SUPERVISION	\$71,400				
225	175	SUPERVISION - GEOLOGICAL	\$19,000				
225	180	TRANSPORTATION/TRUCKING	\$20,000				
225	178	TAXES	\$125,131				
225	35	CONTINGENCY COSTS 5%	\$2,513,755				
		Total Intangible Drilling Costs:	\$2,513,986				

Tangible Drilling Costs				Tangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,758	245	5	ARTIFICIAL LIFT	\$175,000
230	20	PACKERS/SLEEVES/PLUGS	\$66,000	245	15	FLOWLINES	\$20,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,034,380	245	25	FRAC STRING	\$0
230	35	SURFACE CASING & ATTACHMENTS	\$169,740	245	40	PACKERS/SLEEVES/PLUGS/GL MANDRELS	\$0
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000	245	45	PRODUCTION LINER	\$0
230	40	TAXES	\$83,263	245	50	PRODUCTION PROCESSING FACILITY	\$0
		Total Tangible Drilling Costs:	\$1,397,141	245	55	PRODUCTION TUBING	\$150,000
				245	60	RODS/PUMPS	\$0
				245	65	SUBSURFACE EQUIPMENT	\$50,000
				245	75	WELLHEAD EQUIPMENT	\$125,000
				245	70	TAXES	\$28,600
						Total Tangible Completion Costs:	\$348,600

Tangible Facility Costs				Intangible Facility Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000	265	5	CONSULTING	\$18,100
270	15	CONTAINMENT	\$0	265	12	COMPANY DIRECT LABOR	\$0
270	25	DEHYDRATION	\$0	265	20	DAMAGES/ROW/PERMITS, ETC	\$24,000
270	30	PRIMARY POWER MATERIALS	\$56,000	265	22	PAD/ROAD CONSTRUCTION	\$50,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000	265	25	ENGINEERING / SCIENCE	\$22,000
270	60	H2S TREATING EQUIPMENT	\$0	265	40	HEALTH/SAFETY/ENVIRONMENTAL	\$0
270	65	SEPARATION EQUIPMENT	\$125,000	265	45	CONTRACT LABOR & SERVICES	\$0
270	66	ROAD/LOCATION/FENCING/REPAIRS	\$0	265	60	OVERHEAD	\$3,000
270	75	PRE-FABRICATED SKIDS	\$0	265	80	SURVEY / PLATS / STAKINGS	\$1,500
270	86	FACILITY SURFACE EQUIPMENT	\$137,000	265	85	TRANSPORTATION / TRUCKING	\$0
270	90	H2S SAFETY SYSTEM	\$4,000	265	83	TAXES	\$6,523
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$86,000	265	10	CONTINGENCY COSTS 5%	\$5,930
270	110	TANKS & WALKWAYS	\$90,000			Total Intangible Facility Costs:	\$131,053
270	130	MECHANICAL BATTERY BUILD	\$154,000				
270	132	EI&C BATTERY BUILD	\$45,000				
270	134	CONTROLS AND SCADA BATTERY BUILD	\$5,000				
270	136	PRIMARY POWER BUILD	\$56,000				
270	138	FLOWLINE INSTALLATION	\$27,000				
270	140	SIGNAGE	\$250				
270	125	TAXES	\$55,674				
		Total Tangible Facility Costs:	\$1,067,927				

Total Drilling:	\$4,111,126.79
Total Completion:	\$6,045,445.54
Total Facility:	\$1,198,976.75
Total DC Intangible:	\$8,010,831.04
Total DC Tangible:	\$2,145,741.29
Total APE:	\$11,355,549.08

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:
Craig Walters
Chief Executive Officer

Date: 8/23/2023

WT Owner:

Approved By:

Printed Name:

Date:
Title:

ALL PARTICIPANTS MUST CARRY THEIR OWN CONTROL OF WELL INSURANCE AND ATTACH A CERTIFICATE OF INSURANCE TO THIS ELECTION OR INSURE WITH FME3

EXHIBIT

B.7



FRANKLIN MOUNTAIN ENERGY

AUTHORITY FOR EXPENDITURE

Well Name: Alpha State Com 503H
 Location: SHL: Sec 4-T19S-R35E 452 FSL 1365 FEL
 BHL: Sec 33-T18S-R35E 130 FNT 2290 FHL
 Operator: Franklin Mountain Energy 3, LLC
 Purpose: Drill and complete a 10,000' 2BS well.
 TVD 10,002', MD 20,002'.

Franklin Mountain Energy 3, LLC
 44 Cook Street, Suite 1000
 Denver, CO 80206
 Phone: 720-414-7888
 franklinmountainenergy.com

Well #: 503H
 County/State: Lea Co., NM
 Date Prepared: 8/23/2023
 AFE #: DCE230824

Intangible Drilling Costs

Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,000
225	10	CASING CREW & EQPT	\$45,000
225	15	CEMENTING INTERMEDIATE CASING	\$10,000
225	16	CEMENTING PRODUCTION CASING	\$80,000
225	20	CEMENTING SURFACE CASING	\$36,000
225	25	COMMUNICATIONS	\$19,000
225	30	COMPLETION FLUIDS	\$6,000
225	34	CONSTRUCTION/LOCATION & ROAD	\$45,000
225	40	CONTRACT LABOR	\$50,000
225	45	DAMAGES	\$15,000
225	50	DAYWORK CONTRACT	\$520,000
225	55	DRILLING - DIRECTIONAL	\$200,000
225	60	DRILLING - FOOTAGE	\$90,000
225	65	DRILLING BITS	\$90,000
225	70	ELECTRICAL POWER/GENERATION	\$0
225	75	ENGINEERING	\$20,000
225	80	ENVIRONMENTAL SERVICES	\$200,000
225	84	EQUIPMENT RENTAL DOWNHOLE	\$40,000
225	85	EQUIPMENT RENTAL	\$50,000
225	90	FISHING TOOLS/SERVICES	\$0
225	95	HEALTH & SAFETY	\$7,000
225	100	HOUSING AND SUPPORT SERVICES	\$18,000
225	105	INSURANCE	\$1,700
225	106	INSPECTIONS	\$15,000
225	110	LEGAL, TITLE SERVICES	\$6,000
225	115	MATERIALS & SUPPLIES	\$3,000
225	120	MISCELLANEOUS	\$3,000
225	125	MOUSE/ATHOL/CONDUCT PIPE	\$31,000
225	130	MUD & CHEMICALS	\$180,000
225	140	OPENHOLE LOGGING	\$0
225	141	CASED HOLE LOGGING	\$0
225	145	PERMITS, LICENSES, ETC	\$20,000
225	150	POWER FUEL & WATER HAULING	\$160,000
225	155	RIG MOVE & RACKING COSTS	\$130,000
225	160	RIG UP TEAR OUT & STANDBY	\$0
225	163	SITE RESTORATION	\$10,000
225	165	STAKING & SURVEYING	\$6,000
225	170	SUPERVISION	\$71,400
225	175	SUPERVISION - GEOLOGICAL	\$19,000
225	180	TRANSPORTATION/TRUCKING	\$20,000
225	178	TAXES	\$125,131
225	35	CONTINGENCY COSTS 5%	\$113,755
Total Intangible Drilling Costs:			\$2,511,066

Tangible Drilling Costs

Major	Minor	Description	Amount
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,758
230	20	PACKERS/SLEEVES/PLUGS	\$66,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,034,180
230	35	SURFACE CASING & ATTACHMENTS	\$169,740
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000
230	40	TAXES	\$83,263
Total Tangible Drilling Costs:			\$1,597,141

Tangible Facility Costs

Major	Minor	Description	Amount
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000
270	15	CONTAINMENT	\$0
270	25	DEHYDRATION	\$0
270	30	PRIMARY POWER MATERIALS	\$56,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000
270	60	H2S TREATING EQUIPMENT	\$0
270	65	SEPARATION EQUIPMENT	\$125,000
270	66	ROAD/LOCATION FENCING/REPAIRS	\$0
270	75	PRE-FABRICATED SKIDS	\$0
270	86	FACILITY SURFACE EQUIPMENT	\$137,000
270	90	H2S SAFETY SYSTEM	\$4,000
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$86,000
270	110	TANKS & WALKWAYS	\$90,000
270	130	MECHANICAL BATTERY BUILD	\$154,000
270	132	EH&C BATTERY BUILD	\$45,000
270	134	CONTROLS AND SCADA BATTERY BUILD	\$5,000
270	136	PRIMARY POWER BUILD	\$36,000
270	138	FLOWLINE INSTALLATION	\$27,000
270	140	SIGNAGE	\$250
270	125	TAXES	\$55,674
Total Tangible Facility Costs:			\$1,007,954

Total Drill:	\$4,111,126.79
Total Completion:	\$5,045,445.34
Total Facility:	\$1,108,076.25
Total Dr. Intangible:	\$8,010,831.04
Total Dr. Tangible:	\$2,145,741.20

Total AFE: \$11,355,549.08

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: 
 Chief Executive Officer

Date: 8/23/2023

WT Owner: _____
 Approved By: _____
 Printed Name: _____

Date: _____
 Title: _____

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



FRANKLIN MOUNTAIN ENERGY

AUTHORITY FOR EXPENDITURE

Well Name: Alpha State Com 603H
Location: SHL Sec 4-T19S-R35E 552 FSL 1365 FEL.
Operator: BHL Sec 33-T18S-R35E 130 FNL 1680 FFL
Purpose: Franklin Mountain Energy 3, LLC
Drill and complete a 10,000' BBS well
TVD 10,319', MD 20,339'

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

Well #: 603H
County/State: Lea Co., NM
Date Prepared: 8/23/2023
AFE #: DCE230826

Intangible Drilling Costs

Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,500
225	10	CASING CREW & EQPT	\$50,000
225	15	CEMENTING INTERMEDIATE CASING	\$40,000
225	16	CEMENTING PRODUCTION CASING	\$80,000
225	20	CEMENTING SURFACE CASING	\$36,000
225	25	COMMUNICATIONS	\$21,000
225	30	COMPLETION FLUIDS	\$6,000
225	34	CONSTRUCTION/LOCATION & ROAD	\$45,000
225	40	CONTRACT LABOR	\$55,000
225	45	DAMAGES	\$15,000
225	50	DAYWORK CONTRACT	\$585,000
225	55	DRILLING - DIRECTIONAL	\$220,000
225	60	DRILLING - FOOTAGE	\$90,000
225	65	DRILLING BITS	\$100,000
225	70	ELECTRICAL POWER/GENERATION	\$0
225	75	ENGINEERING	\$21,000
225	80	ENVIRONMENTAL SERVICES	\$210,000
225	84	EQUIPMENT RENTAL DOWNHOLE	\$50,000
225	85	EQUIPMENT RENTAL	\$50,000
225	90	FISHING TOOL SERVICES	\$0
225	95	HEALTH & SAFETY	\$9,000
225	100	HOUSING AND SUPPORT SERVICES	\$19,000
225	105	INSURANCE	\$1,900
225	106	INSPECTIONS	\$17,000
225	110	LEGAL, TITLE SERVICES	\$6,000
225	115	MATERIALS & SUPPLIES	\$5,000
225	120	MISCELLANEOUS	\$5,000
225	125	MOUSE/ATHOLE/CONDUCT PIPE	\$31,000
225	130	MUD & CHEMICALS	\$190,000
225	140	OPENHOLE LOGGING	\$0
225	141	CASED HOLE LOGGING	\$0
225	145	PERMITS, LICENSES, ETC	\$20,000
225	150	POWER FUEL & WATER HAULING	\$170,000
225	155	RIG MOVE & RACKING COSTS	\$130,000
225	160	RIG UP TEAR OUT & STANDRY	\$0
225	163	SITE RESTORATION	\$10,000
225	165	STAKING & SURVEYING	\$6,000
225	170	SUPERVISION	\$75,600
225	175	SUPERVISION - GEOLOGICAL	\$41,400
225	180	TRANSPORTATION/TRUCKING	\$22,000
225	178	TAXES	\$134,057
225	35	CONTINGENCY COSTS 5%	\$121,870
Total Intangible Drilling Costs:			\$2,043,127

Tangible Drilling Costs

Major	Minor	Description	Amount
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,758
230	20	PACKERS/SLEEVES/PLUGS	\$66,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,144,050
230	35	SURFACE CASING & ATTACHMENTS	\$108,740
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000
230	40	TAXES	\$89,295
Total Tangible Drilling Costs:			\$1,712,843

Tangible Facility Costs

Major	Minor	Description	Amount
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000
270	15	CONTAINMENT	\$0
270	25	DEHYDRATION	\$0
270	30	PRIMARY POWER MATERIALS	\$56,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000
270	60	H2S TREATING EQUIPMENT	\$0
270	65	SEPARATION EQUIPMENT	\$125,000
270	66	ROAD/LOCATION/REPAIRS/REPAIRS	\$0
270	75	PRE-FABRICATED SKIDS	\$0
270	86	FACILITY SURFACE EQUIPMENT	\$137,000
270	90	H2S SAFETY SYSTEM	\$4,000
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$86,000
270	110	TANKS & WALKWAYS	\$90,000
270	130	MECHANICAL BATTERY BUILD	\$154,000
270	132	E&C BATTERY BUILD	\$45,000
270	134	CONTROLS AND SCADA BATTERY BUILD	\$5,000
270	136	PRIMARY POWER BUILD	\$56,000
270	138	FLOWLINE INSTALLATION	\$27,000
270	140	SIGNAGE	\$250
270	125	TAXES	\$55,674
Total Tangible Facility Costs:			\$1,067,924

Total Drill:	\$4,406,190.14
Total Completion:	\$6,045,445.54
Total Facility:	\$1,198,976.75
Total DC Intangible:	\$8,190,192.54
Total DC Tangible:	\$1,761,443.14

Total AFE: \$11,680,592.41

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: Craig Walter, Chief Executive Officer

Date: 8/23/2023

WI Owner:
Approved By:
Printed Name:

Date:
Title:

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

**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.**

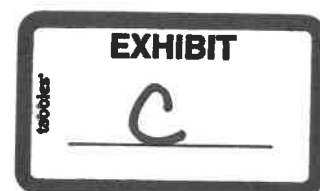
CASE NO. 24107

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

AFFIDAVIT OF BEN KESSEL

Ben Kessel, being duly sworn, deposes and states as follows:

1. I am over the age of 18, I am a geologist for Franklin Mountain Energy 3, LLC (“Franklin”), 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 Franklin includes the area of Lea County in New Mexico.
3. I am familiar with the application filed by Franklin 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 Franklin’s development plan.
6. **Exhibit C.3** through **Exhibit C.6** are the geology study I prepared for the **Alpha State Com 303H well**, which will target the First Bone Spring formation.
7. **Exhibit C.3** is a structure map of the First Bone Spring formation. The proposed spacing unit is identified by a pink box. The Alpha State Com 303H 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.

8. **Exhibit C.4** is a cross-section reference map that identifies six wells in the vicinity of the proposed Alpha State Com 303H 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 First Bone Spring 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. **Exhibit C.6** an Isopach map of the First Bone Spring formation. The gross interval thickness increases slightly to the southeast.

11. **Exhibit C.7** through **Exhibit C.10** are the geology study I prepared for the **Alpha State Com 503H well**, which will target the Second Bone Spring formation.

12. **Exhibit C.7** is a structure map of the Second Bone Spring formation. The proposed spacing unit is identified by a pink box. The Alpha State Com 503H 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.

13. **Exhibit C.8** is a cross-section reference map that identifies six wells in the vicinity of the proposed Alpha State Com 503H well, shown by a line of cross-section running from A to A'.

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

15. **Exhibit C.10** an Isopach map of the Second Bone Spring formation. The gross interval thickness increases slightly to the southeast and to the northwest.

16. **Exhibit C.11** through **Exhibit C.14** are the geology study I prepared for the **Alpha State Com 603H well**, which will target the Third Bone Spring formation.

17. **Exhibit C.11** is a structure map of the Third Bone Spring formation. The proposed spacing unit is identified by a pink box. The Alpha State Com 603H 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.

18. **Exhibit C.12** is a cross-section reference map that identifies six wells in the vicinity of the proposed Alpha State Com 603H well, shown by a line of cross-section running from A to A'.

19. **Exhibit C.13** is a stratigraphic cross-section, and the well logs shown on the cross-section give a representative sample of the Third Bone Spring 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.

20. **Exhibit C.14** is an Isopach map of the Third Bone Spring formation. The gross interval thickness increases slightly to the northeast.

21. 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.

22. **Exhibit C.15** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

23. 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.

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

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

[Signature page follows]

Dated: January 2nd, 2024


Ben Kessel

State of Colorado

County of Denver

This record was acknowledged before me on January 2nd, 202~~3~~⁴, by
Ben Kessel.

[Stamp]




Notary Public in and for the

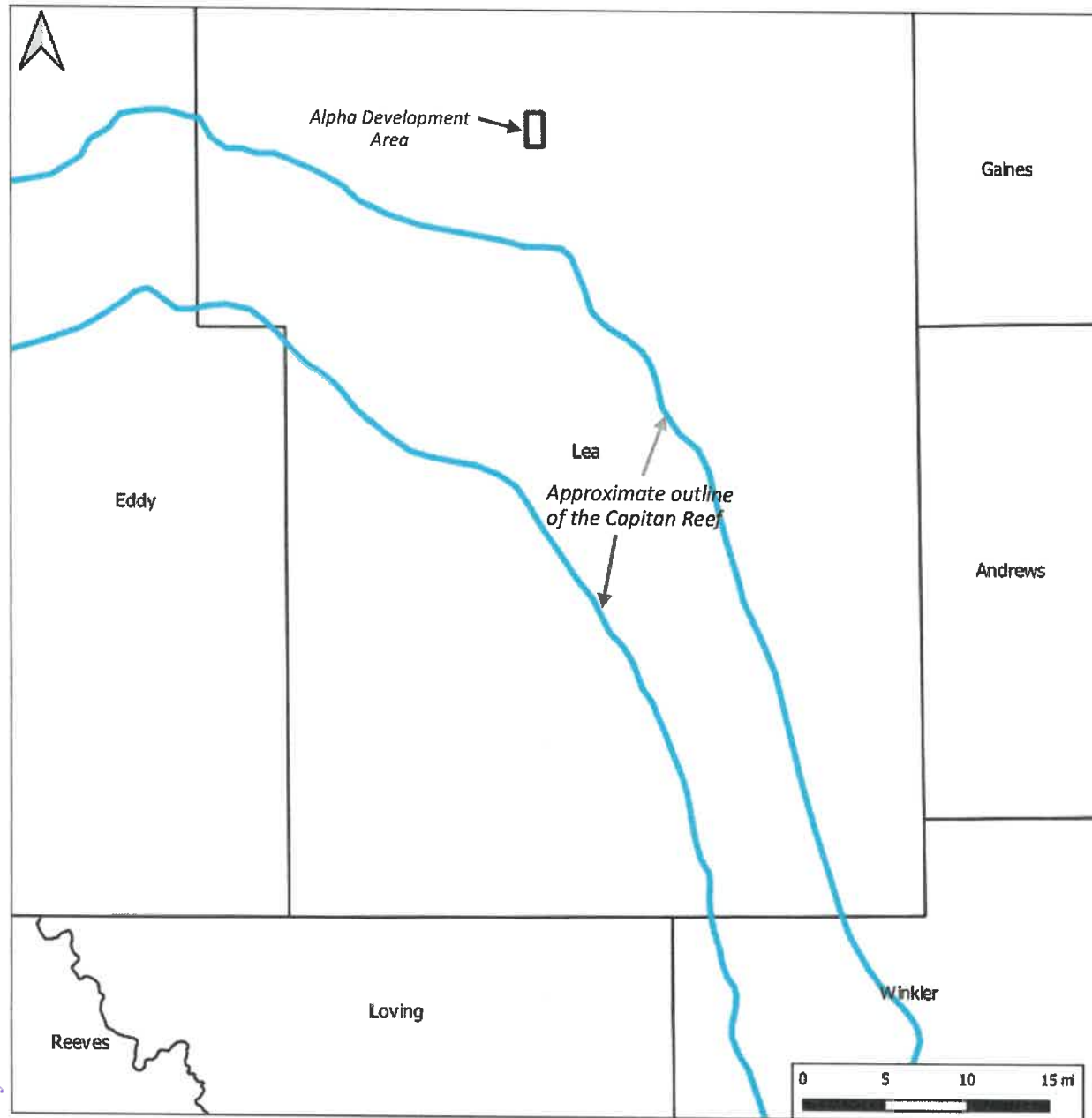
State of Colorado

Commission Number: 20084000193

My Commission Expires: 1/3/2024

Alpha Development

Locator Map



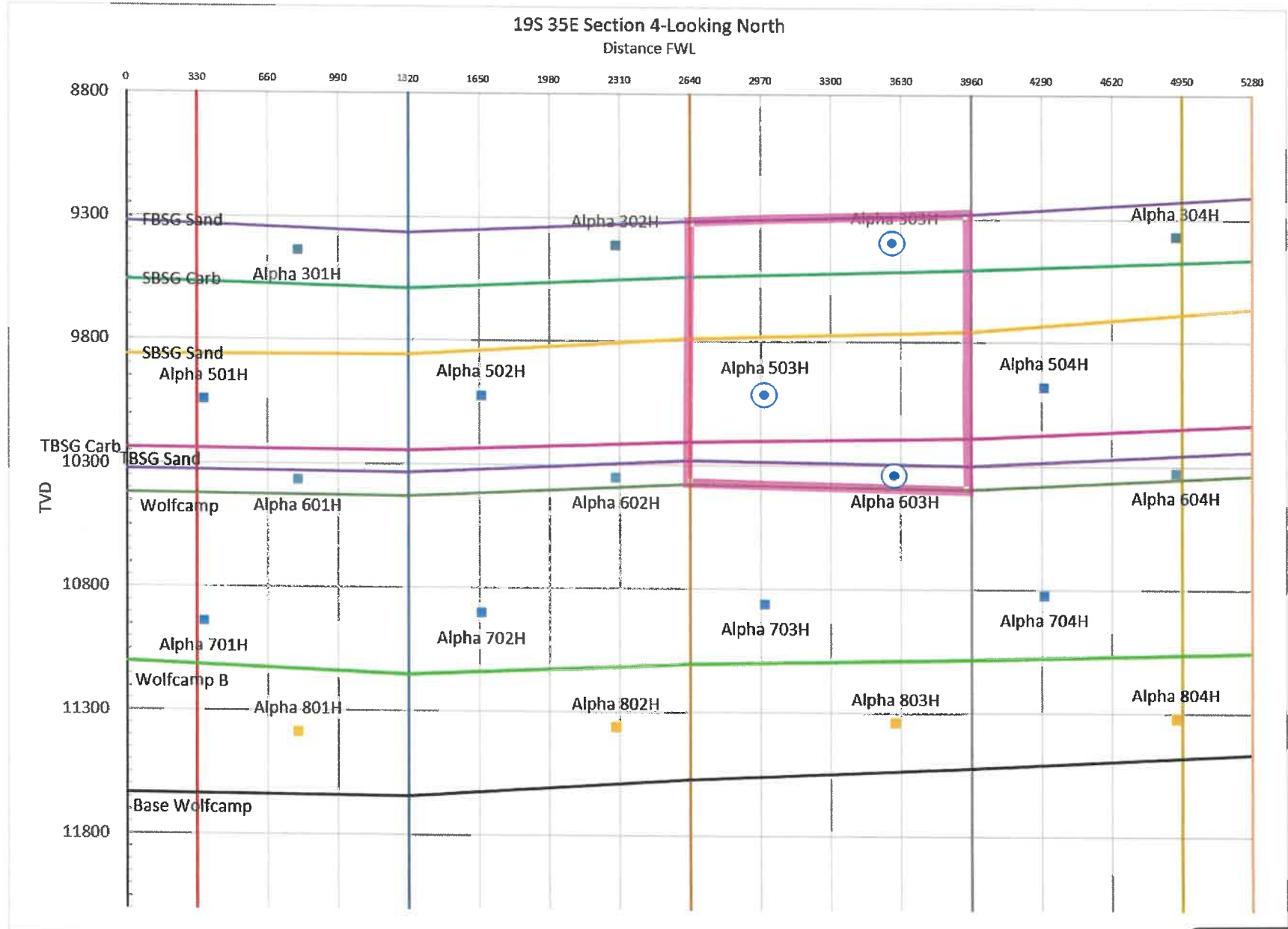
- Black box shows the location of Alpha development area
- Planned wells are located outside of the eastern edge of the Capitan Reef

tabbles

EXHIBIT

C.1

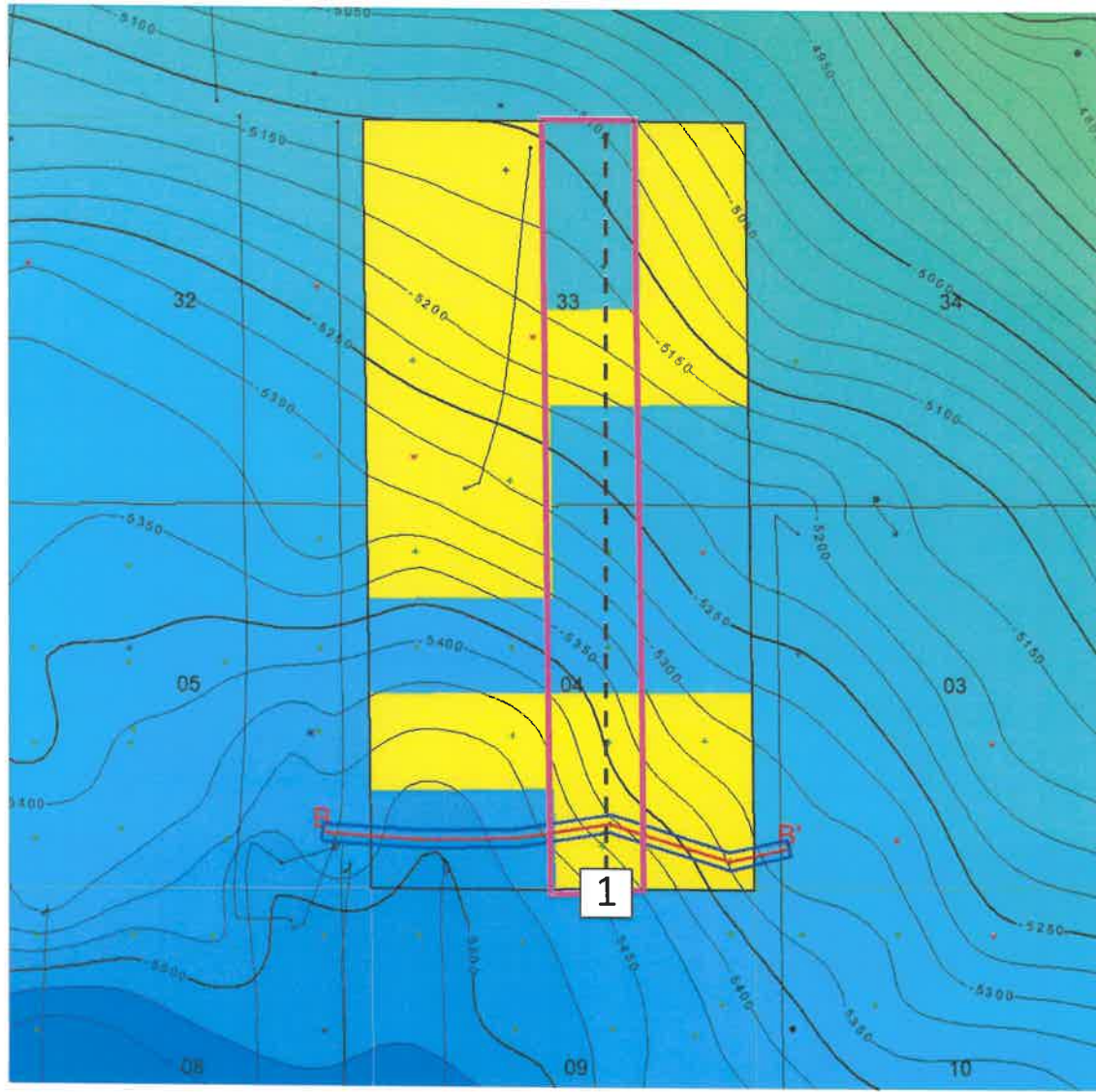
Wellbore Schematic



● Proposed Lateral
□ Bone Spring Spacing Unit

EXHIBIT
C. 2

First Bone Spring Structure



All wells shown

1 mile

- Franklin Mountain Acreage
- Bone Spring Spacing Unit

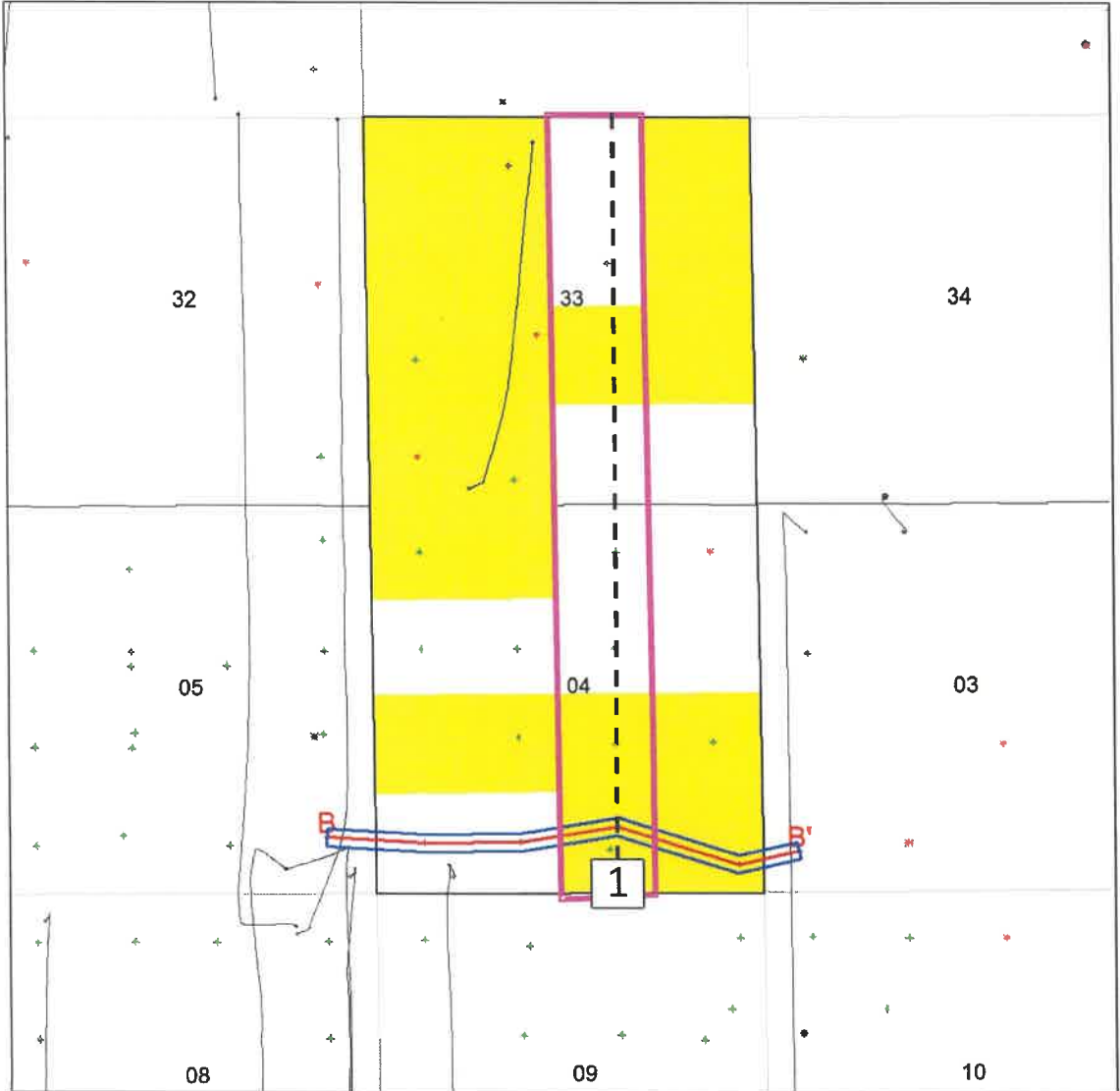
Proposed Horizontal Location

1 Alpha State Com 303H

EXHIBIT

C. 3

Cross Section Reference Map



- Franklin Mountain Acreage
- Bone Spring Spacing Unit
- Proposed Horizontal Location

1 Alpha State Com 303H

All wells shown

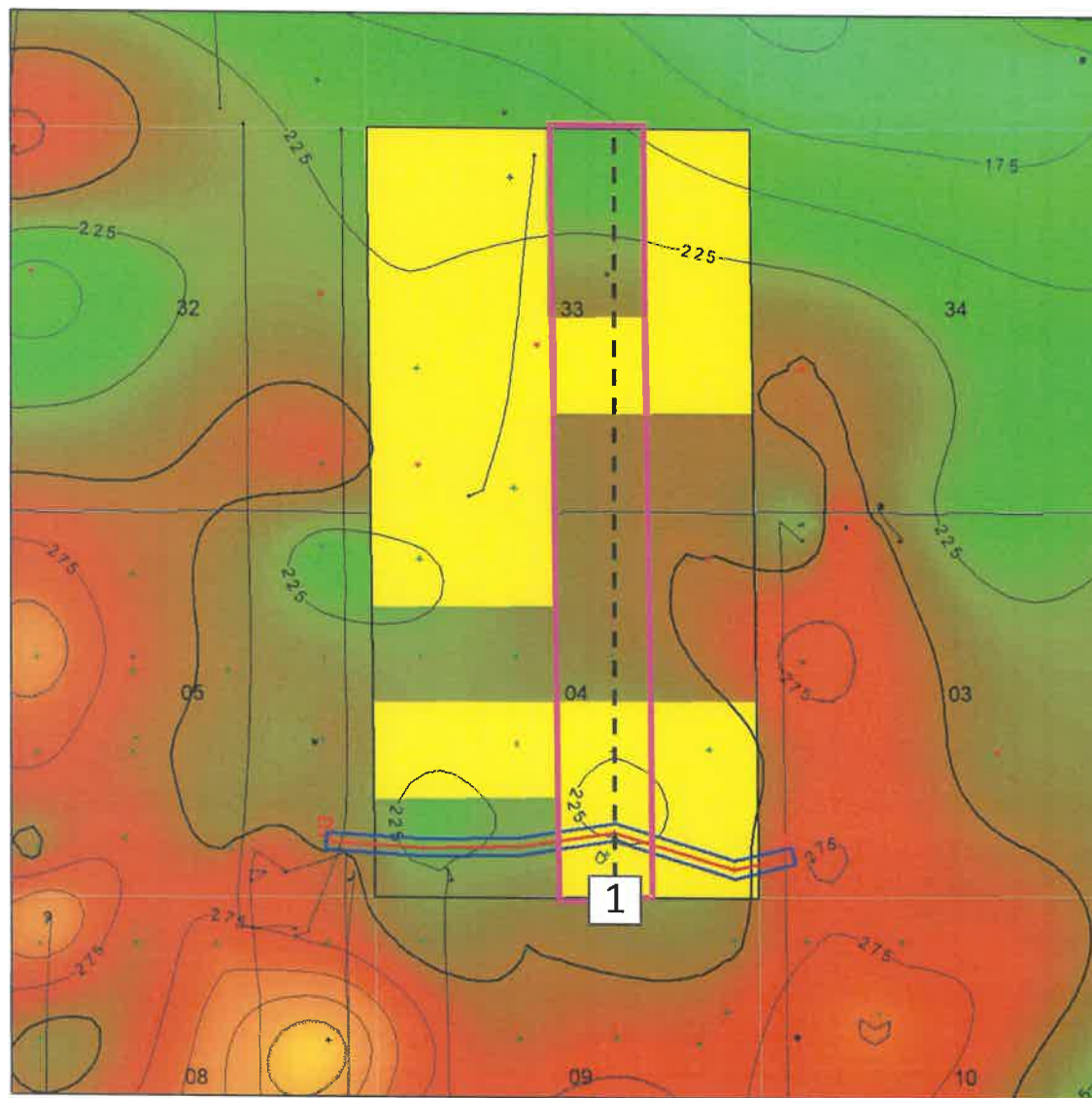
1 mile

EXHIBIT

C.4



First Bone Spring Sand Isopach



Franklin Mountain Acreage

Bone Spring Spacing Unit

Proposed Horizontal Location

1 Alpha State Com 303H

All wells shown

1 mile

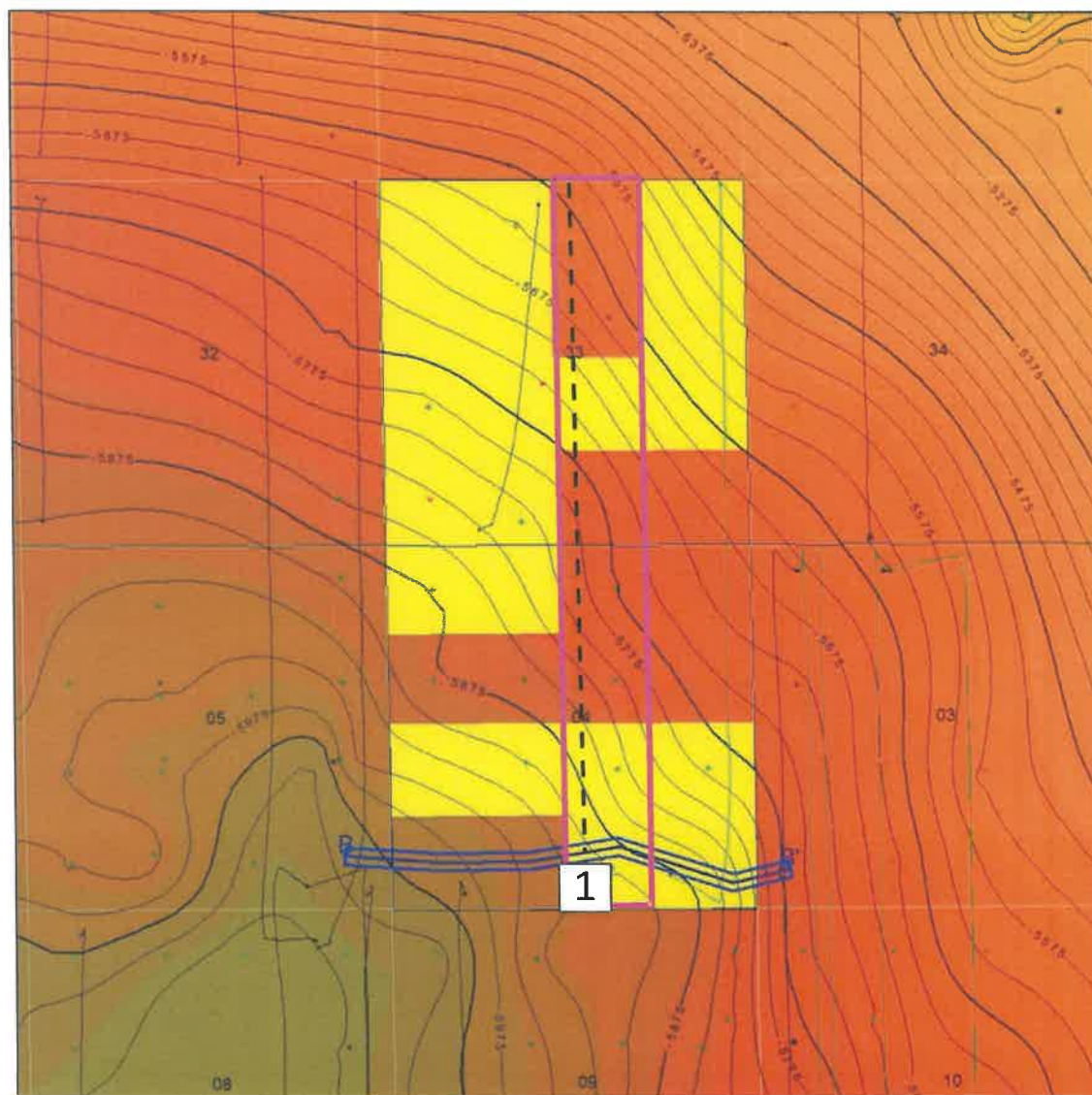
OCD Examiner Hearing



No. 24107

39



Second Bone Spring Structure



-  Franklin Mountain Acreage
-  Bone Spring Spacing Unit

Proposed Horizontal Location

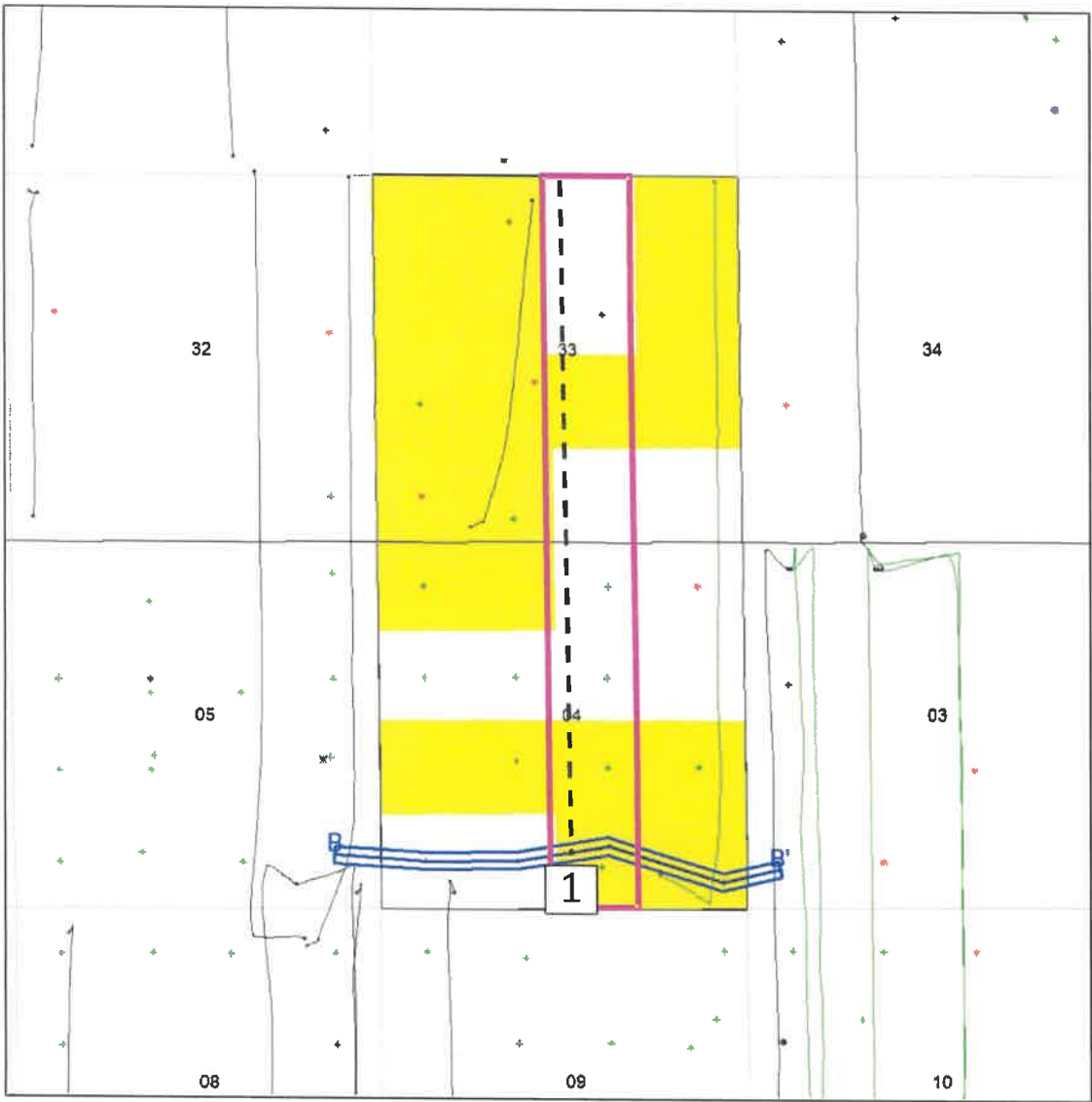
1 Alpha State Com 503H

All wells shown

1 mile



Cross Section Reference Map



Franklin Mountain Acreage



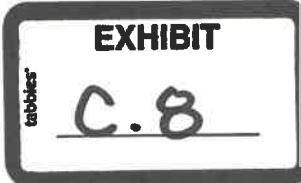
Bone Spring Spacing Unit

Proposed Horizontal Location

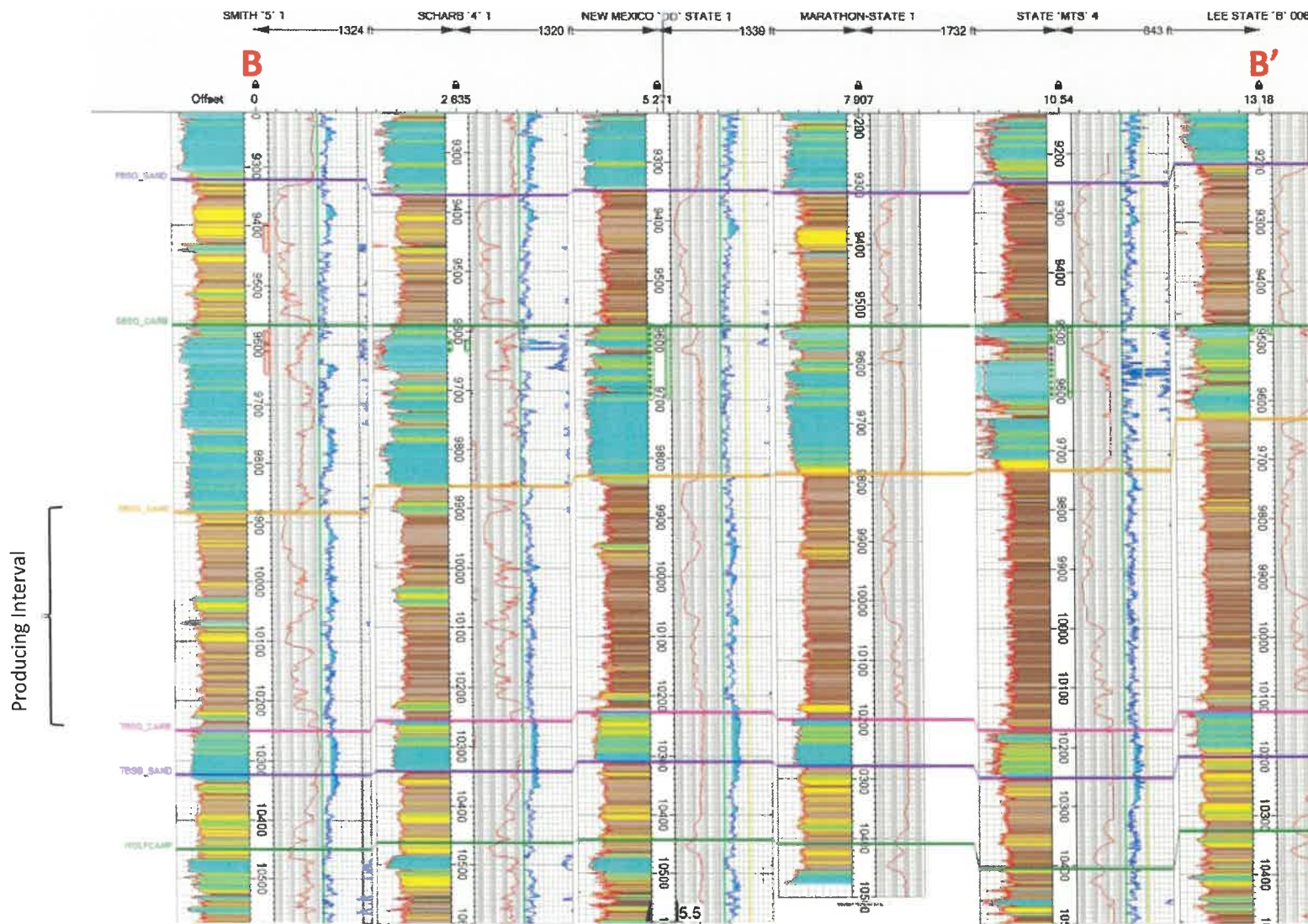
1 Alpha State Com 503H

All wells shown

1 mile



Second Bone Spring Cross Section

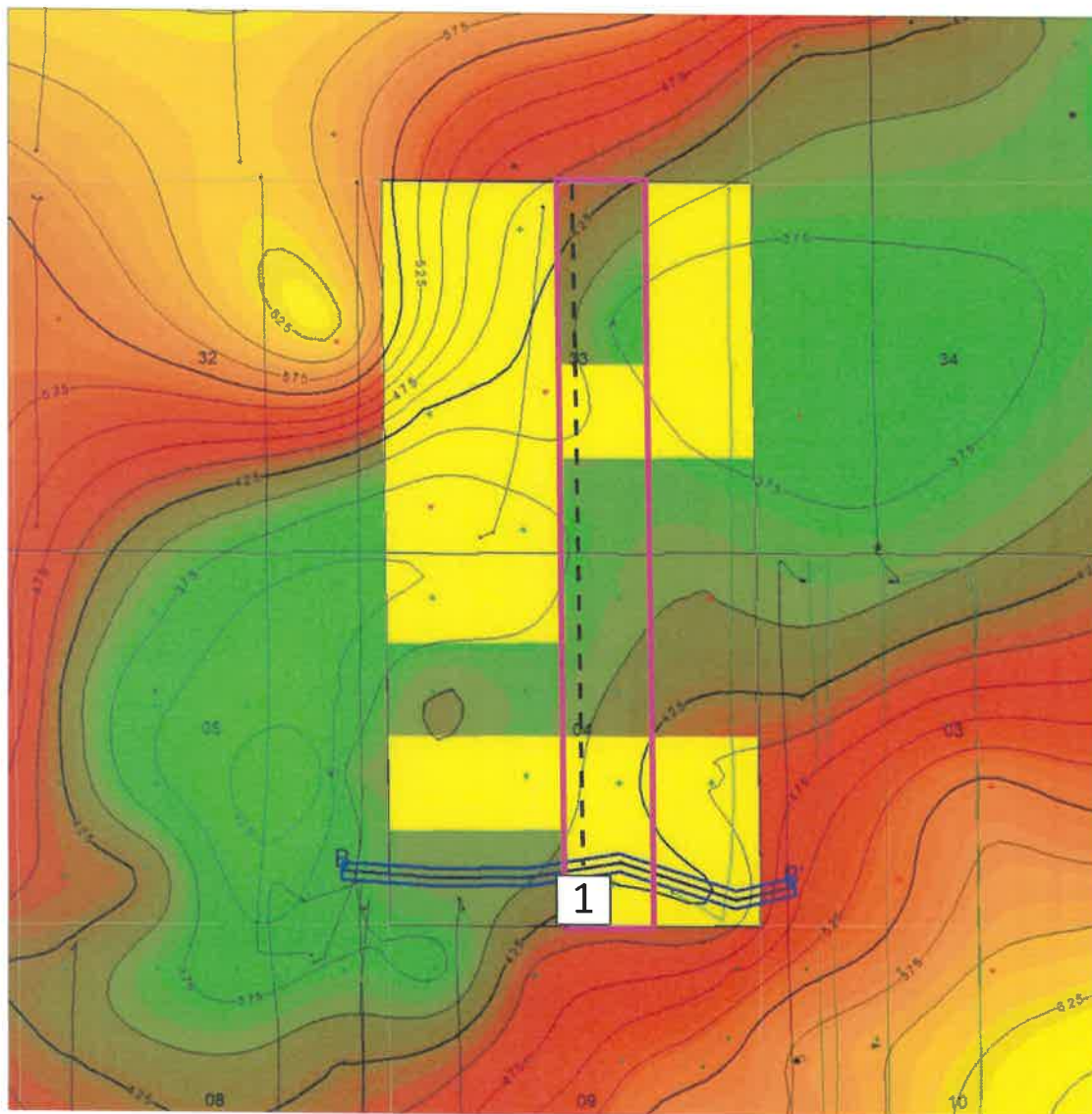




503H

OCD Examiner Hearing
No. 24107



Second Bone Spring Isopach



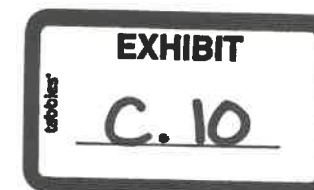
-  Franklin Mountain Acreage
-  Bone Spring Spacing Unit

Proposed Horizontal Location

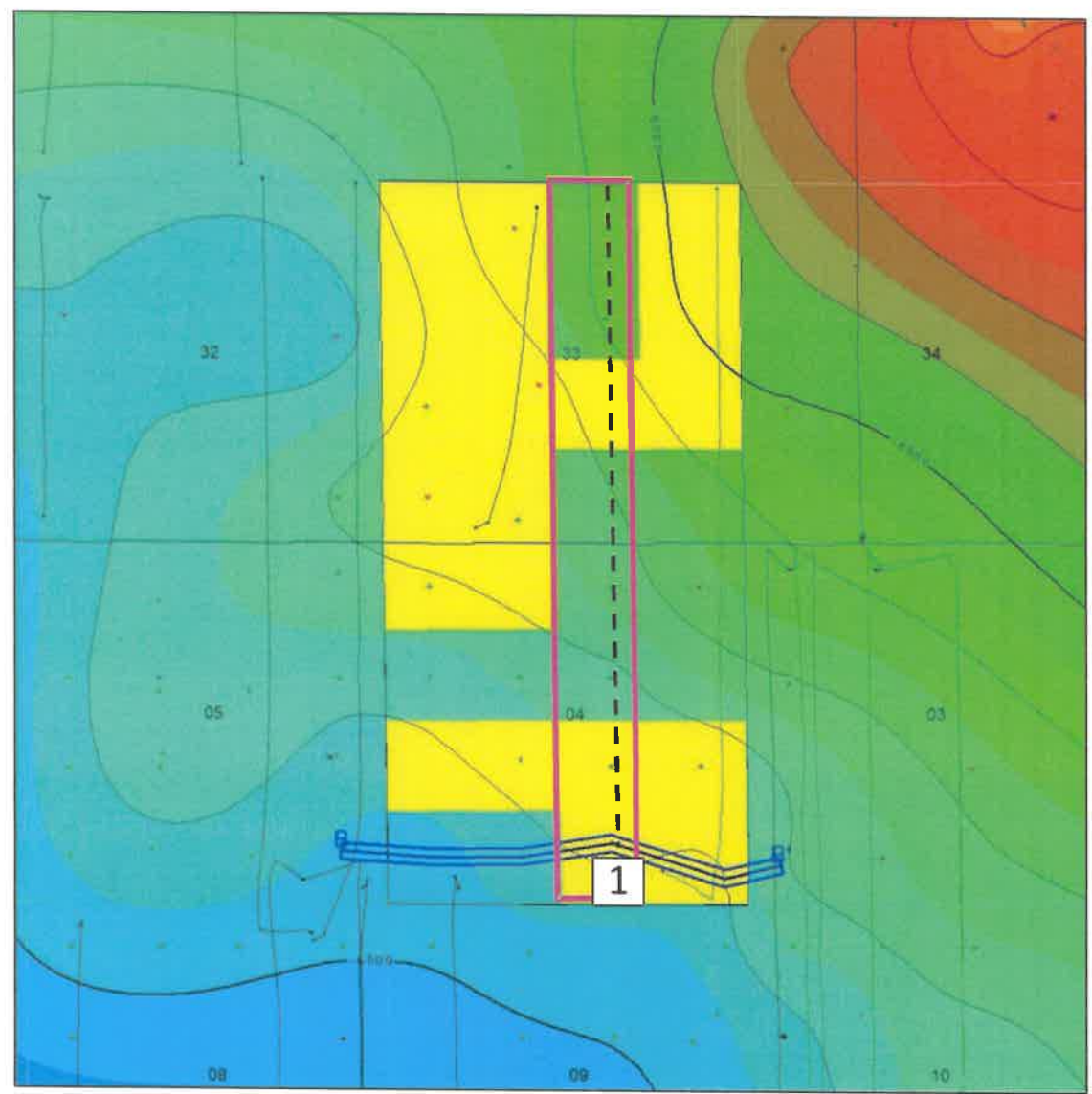
1 Alpha State Com 503H

All wells shown

1 mile



Third Bone Spring Structure



- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

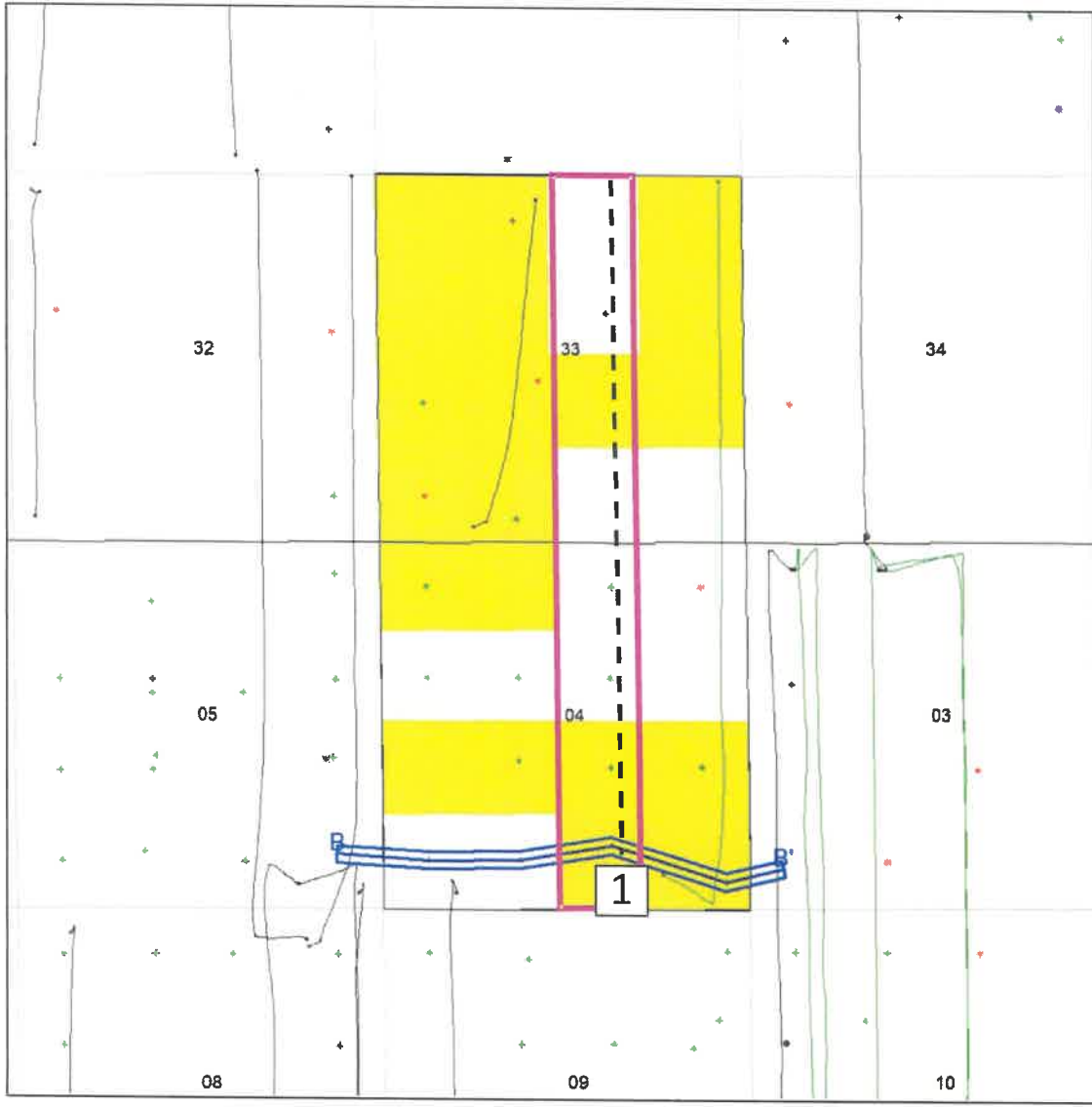
1 Alpha State Com 603H

All wells shown

1 mile



Cross Section Reference Map



- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

1 Alpha State Com 603H

All wells shown

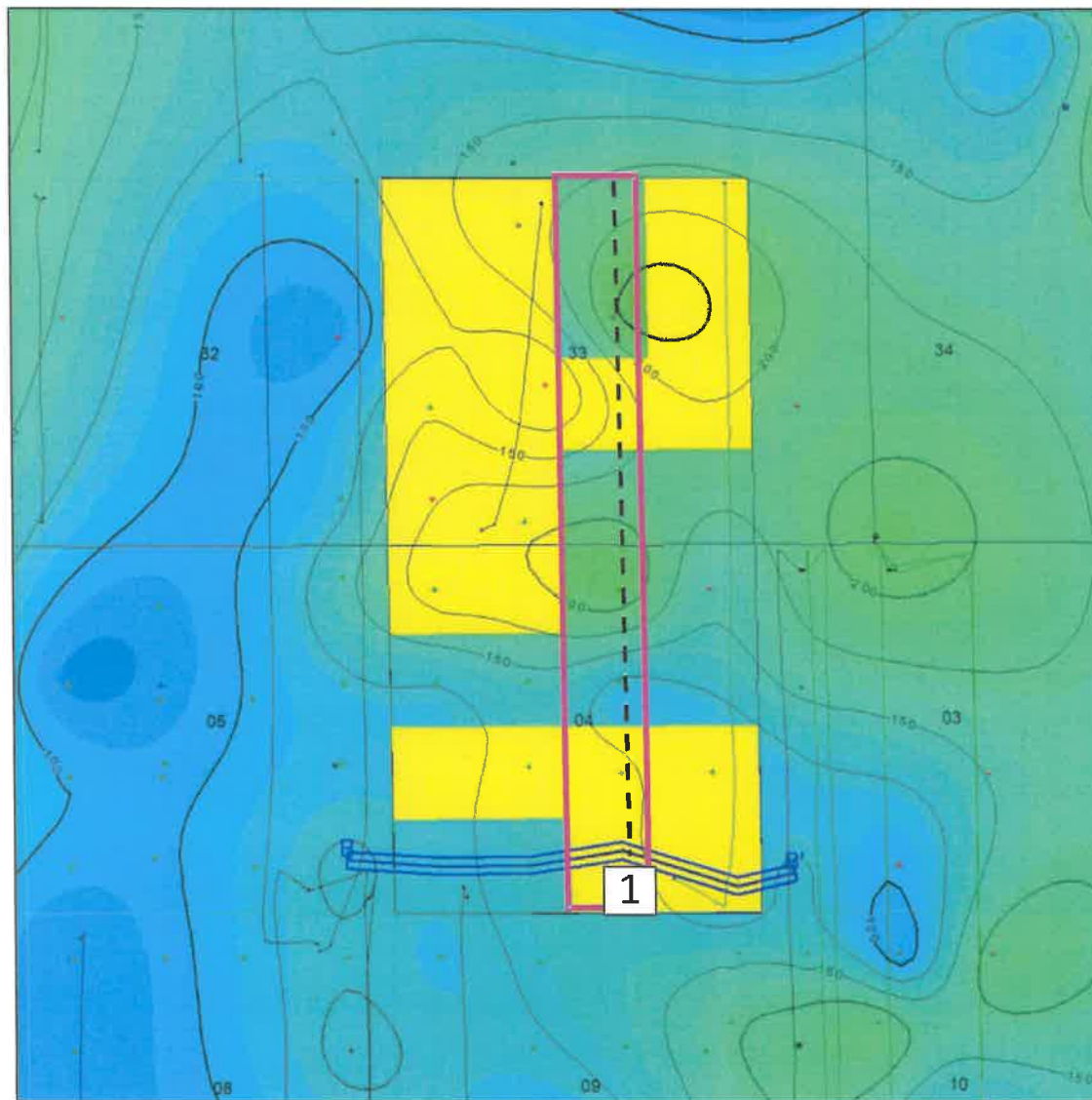
1 mile

EXHIBIT

C.12

603H

Third Bone Spring Isopach



- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

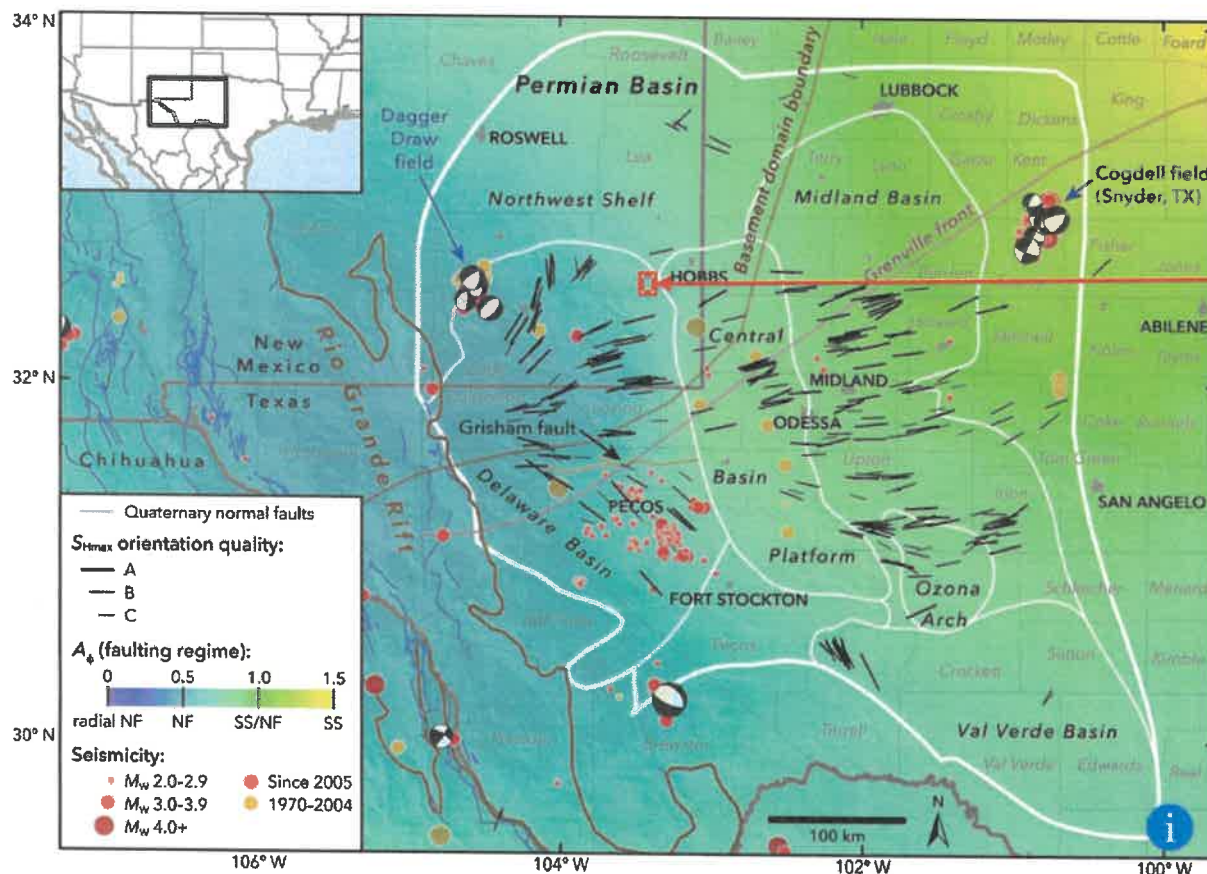
1 Alpha State Com 603H

All wells shown

1 mile



Regional Stress



- Red box shows the approximate location of the Alpha development
- Reported local S_{Hmax} (Snee and Zoback, 2018) direction is ENE, around 255°
- The Alpha State Com 303H 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

**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. 24107

SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT

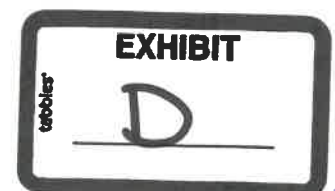
Deana M. Bennett, attorney in fact and authorized representative of Franklin Mountain Energy 3, LLC, the Applicant herein, declares as follows:

- 1) The above-referenced Application was provided under notice letter, dated December 15, 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 December 15, 2023.
- 3) Exhibit C is the certified mailing tracking information, which is automatically compiled 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 January 4, 2024 hearing was published on December 19, 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: December 28, 2023.

Deana M. Bennett

Deana M. Bennett





December 15, 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. 24107

TO: AFFECTED PARTIES

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

In Case No. 24107, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 319.69-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 303H, Alpha State Com 503H, and Alpha State Com 603H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

The hearing will be conducted remotely on January 4, 2024 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.

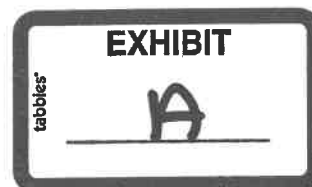
As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including

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

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.

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 black ink that reads "Deana M. Bennett". The signature is written in a cursive style with a large, stylized "D" and "B".

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. 24107

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 319.69-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), 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/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico to form a standard 319.69-acre, more or less, Bone Spring horizontal spacing unit.
3. Franklin plans to drill the **Alpha State Com 303H, Alpha State Com 503H, and Alpha State Com 603H wells** to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled, and the producing area for the wells are expected to be orthodox.

4. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 4, 2024 and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), 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 wells;

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 wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: /s/ Deana M. Bennett
Earl E. DeBrine, Jr.
Deana M. Bennett

Yarithza Peña
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
edebrine@modrall.com
deana.bennett@modrall.com
yarithza.pena@modrall.com
Attorneys for Applicant

CASE NO. 24107 : 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 319.69-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 303H, Alpha State Com 503H, and Alpha State Com 603H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

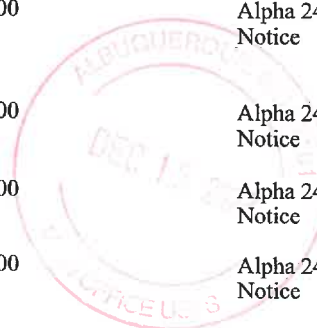
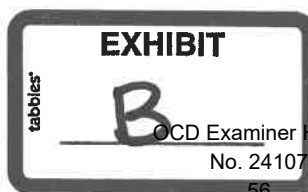
Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
12/15/2023

Firm Mailing Book ID: 257467

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0115 1935 54	CEP MINERALS PO BPX 50820 MIDLAND TX 79710	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
2	9314 8699 0430 0115 1935 61	COLLINS & JONES INVESTMENTS, LLC 508 WEST WALL STREET, SUITE 1200 MIDLAND TX 79701	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
3	9314 8699 0430 0115 1935 85	CROWN OIL PARTNERS, LP PO BOX 50820 MIDLAND TX 79710	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
4	9314 8699 0430 0115 1935 92	DAVID W. CROMWELL 2008 COUNTRY CLUB DRIVE MIDLAND TX 79701	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
5	9314 8699 0430 0115 1936 08	DEANE DURHAM PO BOX 50820 MIDLAND TX 79710	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
6	9314 8699 0430 0115 1936 15	G & C P.O. Box 1618 ARTESIA NM 88211	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
7	9314 8699 0430 0115 1936 22	GOOD NEWS MINERALS, LLC 4000 NORTH BIG SPRING, SUITE 310 MIDLAND TX 79705	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
8	9314 8699 0430 0115 1936 39	H. JASON WACKER 5601 HILLCREST MIDLAND TX 79707	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
9	9314 8699 0430 0115 1936 46	KALEB SMITH PO BOX 50620 MIDLAND TX 79710	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
10	9314 8699 0430 0115 1936 53	KMF LAND, LLC 1401 LAWRENCE STREET, SUITE 1750 DENVER CO 80202	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
11	9314 8699 0430 0115 1936 60	LMC ENERGY, LLC 550 WEST TEXAS AVENUE, SUITE 945 MIDLAND TX 79701	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
12	9314 8699 0430 0115 1936 77	LUCKALOY LIMITED COMPANY A New Mexico Limited Liability Co. 88 WEST COMPRESS ROAD ARTESIA NM 88210	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
13	9314 8699 0430 0115 1936 84	MARATHON OIL PERMIAN, LLC 999 TOWN AND COUNTRY BOULEVARD HOUSTON TX 77024	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
14	9314 8699 0430 0115 1936 91	MCT ENERGY, LTD 550 WEST TEXAS AVENUE, SUITE 945 MIDLAND TX 79701	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
15	9314 8699 0430 0115 1937 07	MIKE MOYLETT PO BOX 50820 MIDLAND TX 79710	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice



Released to Imaging: 1/16/2024 4:46:47 PM

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
12/15/2023

Firm Mailing Book ID: 257467

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
16	9314 8699 0430 0115 1937 14	OAK VALLEY MINERAL AND LAND, LP PO BOX 50820 MIDLAND TX 79710	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
17	9314 8699 0430 0115 1937 38	POST OAK CROWN IV, LLC 34 SOUTH WYNDEN DRIVE, SUTIE 210 HOUSTON TX 77056	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
18	9314 8699 0430 0115 1937 45	POST OAK CROWN IVB, LLC 34 SOUTH WYNDEN DRIVE, SUTIE 210 HOUSTON TX 77056	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
19	9314 8699 0430 0115 1937 52	POST OAK MAVROS, II, LLC 34 SOUTH WYNDEN DRIVE, SUTIE 210 HOUSTON TX 77056	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
20	9314 8699 0430 0115 1937 69	SB LAND, LLC PO BOX 381 LOVINGTON NM 88260	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
21	9314 8699 0430 0115 1937 76	SORTIDA RESOURCES, LLC PO BOX 50820 MIDLAND TX 79710	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
22	9314 8699 0430 0115 1937 83	STATE OF NEW MEXICO, BY AND THROUGH ITS Commissioner of Public Lands PO BOX 1148 SANTA FE NM 87504	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
23	9314 8699 0430 0115 1937 90	SUSANNAH D. ADELSON, TRUSTEES OF James Adelson & Family 2015 Trusts 15 EAST 5TH STREET, SUITE 3300 TULSA OK 74103	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
24	9314 8699 0430 0115 1938 06	WILLIAM J. MCCAWE PO BOX 376 ARTESIA NM 88211	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
25	9314 8699 0430 0115 1938 13	ZUNIS ENERGY, LLC 15 EAST 5TH STREET, SUITE 3300 TULSA OK 74103	\$1.83	\$4.35	\$2.20	\$0.00	Alpha 24107. Notice
Totals:			\$45.75	\$108.75	\$55.00	\$0.00	
				Grand Total:		\$209.50	

List Number of Pieces
Listed by Sender

Total Number of Pieces
Received at Post Office

Postmaster:
Name of receiving employee

Dated:

25

Received by OCD: 1/16/2024 4:34:02 PM

Transaction Report Details - CertifiedPro.net
Firm Mail Book ID= 257467
Generated: 12/28/2023 2:09:57 PM

USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300115193813	2023-12-15 7:39 AM	Alpha 24107.	ZUNIS ENERGY, LLC		TULSA	OK	74103	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-18 1:08 PM
9314869904300115193806	2023-12-15 7:39 AM	Alpha 24107.	WILLIAM J. MCCAWE		ARTESIA	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-21 9:44 AM
9314869904300115193790	2023-12-15 7:39 AM	Alpha 24107.	SUSANNAH D. ADELSON, TRUSTEES OF	James Adelson & Family 2015 Trusts	TULSA	OK	74103	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-21 12:24 PM
9314869904300115193783	2023-12-15 7:39 AM	Alpha 24107.	STATE OF NEW MEXICO, BY AND THROUGH ITS	Commissioner of Public Lands	SANTA FE	NM	87504	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-18 10:27 AM
9314869904300115193776	2023-12-15 7:39 AM	Alpha 24107.	SORTIDA RESOURCES, LLC		MIDLAND	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-19 10:26 AM
9314869904300115193769	2023-12-15 7:39 AM	Alpha 24107.	SB LAND, LLC		LOVINGTON	NM	88260	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-28 8:16 AM
9314869904300115193752	2023-12-15 7:39 AM	Alpha 24107.	POST OAK MAVROS, II, LLC		HOUSTON	TX	77056	Mailed	Return Receipt - Electronic, Certified Mail	
9314869904300115193745	2023-12-15 7:39 AM	Alpha 24107.	POST OAK CROWN IVB, LLC		HOUSTON	TX	77056	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-20 11:32 AM
9314869904300115193738	2023-12-15 7:39 AM	Alpha 24107.	POST OAK CROWN IV, LLC		HOUSTON	TX	77056	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-20 11:32 AM
9314869904300115193714	2023-12-15 7:39 AM	Alpha 24107.	OAK VALLEY MINERAL AND LAND, LP		MIDLAND	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-19 10:26 AM
9314869904300115193707	2023-12-15 7:39 AM	Alpha 24107.	MIKE MOYLETT		MIDLAND	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-19 10:26 AM
9314869904300115193691	2023-12-15 7:39 AM	Alpha 24107.	MCT ENERGY, LTD		MIDLAND	TX	79701	To be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300115193684	2023-12-15 7:39 AM	Alpha 24107.	MARATHON OIL PERMIAN, LLC		HOUSTON	TX	77024	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-20 12:26 PM
9314869904300115193677	2023-12-15 7:39 AM	Alpha 24107.	LUCKALDY LIMITED COMPANY	A New Mexico Limited Liability Co.	ARTESIA	NM	88210	To be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300115193660	2023-12-15 7:39 AM	Alpha 24107.	LMC ENERGY, LLC		MIDLAND	TX	79701	To be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300115193653	2023-12-15 7:39 AM	Alpha 24107.	KMF LAND, LLC		DENVER	CO	80202	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-20 9:05 AM
9314869904300115193646	2023-12-15 7:39 AM	Alpha 24107.	KALEB SMITH		MIDLAND	TX	79710	Mailed	Return Receipt - Electronic, Certified Mail	
9314869904300115193639	2023-12-15 7:39 AM	Alpha 24107.	H. JASON WACKER		MIDLAND	TX	79707	Forwarded	Return Receipt - Electronic, Certified Mail	
9314869904300115193622	2023-12-15 7:39 AM	Alpha 24107.	GOOD NEWS MINERALS, LLC		MIDLAND	TX	79705	Mailed	Return Receipt - Electronic, Certified Mail	
9314869904300115193615	2023-12-15 7:39 AM	Alpha 24107.	G & C		ARTESIA	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-23 11:05 AM
9314869904300115193608	2023-12-15 7:39 AM	Alpha 24107.	DEANE DURHAM		MIDLAND	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-19 10:26 AM
9314869904300115193592	2023-12-15 7:39 AM	Alpha 24107.	DAVID W. CROMWELL		MIDLAND	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-18 11:55 AM
9314869904300115193585	2023-12-15 7:39 AM	Alpha 24107.	CROWN OIL PARTNERS, LP		MIDLAND	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-19 10:26 AM
9314869904300115193561	2023-12-15 7:39 AM	Alpha 24107.	COLLINS & JONES INVESTMENTS, LLC		MIDLAND	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-19 2:42 PM
9314869904300115193554	2023-12-15 7:39 AM	Alpha 24107.	CEP MINERALS		MIDLAND	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	2023-12-19 10:26 AM



LEGAL NOTICE
December 19, 2023**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
December 19, 2023
and ending with the issue dated
December 19, 2023.


Publisher

Sworn and subscribed to before me this
19th day of December 2023.


Business Manager

My commission expires

January 29, 2027
(Seal)
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087528
COMMISSION EXPIRES 01/29/2027

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

CASE NO. 24103: Notice to all affected parties, as well as heirs and devisees of: CEP Minerals; Collins & Jones Investments, LLC; Crown Oil Partners, LP; David W. Cromwell; Deane Durham; Good News Minerals, LLC; H. Jason Wacker; Kaleb Smith; KMF Land, LLC; LMC Energy, LLC; Luckaloy Limited Company, A New Mexico Limited Liability Company; Marathon Oil Permian, LLC; MCT Energy, Ltd.; Mike Moylett; Oak Valley Mineral and Land, LP; Post Oak Crown IV, LLC; Post Oak Crown IVB, LLC; Post Oak Mavros, II, LLC; SB Land, LLC; Sortida Resources, LLC; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; William J. McCaw; Zunis Energy, LLC of the 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.68-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the SE/4 NE/4 and E/2 SE/4 of Section 4 (E/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 704H and Alpha State Com 804H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

CASE NO. 24104: Notice to all affected parties, as well as heirs and devisees of: Luckaloy Limited Company, a New Mexico Limited Liability Company; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustee of the James Adelson and Family 2015 Trusts; T.H. McElvain Oil & Gas, LLLP; Thomaston, LLC; William J. McCaw; XTO Holdings, LLC; Zunis Energy, LLC of the Application of Franklin Mountain Energy 3, LLC for compulsory pooling and, to the extent necessary, approval of an overlapping spacing unit, 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Bone Spring horizontal spacing unit comprising the E/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 3; the SE/4 NW/4 and E/2 SW/4 of Section 4 (E/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Alpha State Com 302H, Alpha State Com 502H, and Alpha State Com 602H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. The proposed horizontal spacing unit will overlap with the following existing Bone Spring spacing unit:
• A 160-acre horizontal spacing unit comprised of the E2W2 of Section 33 dedicated to Franklin Mountain's Ironhouse 33 NC State Com #001H well (API 30-025-40868).

Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

CASE NO. 24105: CEP Minerals; Collins & Jones Investments, LLC; Crown Oil Partners, LP; David W. Cromwell; Deane Durham; Good News Minerals, LLC; H. Jason Wacker; Kaleb Smith; KMF Land, LLC; LMC Energy, LLC; Luckaloy Limited Company, A New Mexico Limited Liability Company; Marathon Oil Permian, LLC; MCT Energy, Ltd.; Mike Moylett; Oak Valley Mineral and Land, LP; Post Oak Crown IV, LLC; Post Oak Crown IVB, LLC; Post Oak Mavros, II, LLC; SB Land, LLC; Sortida Resources, LLC; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; William J. McCaw; Zunis Energy, LLC of the Notice to all affected parties, as well as heirs and devisees 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.69-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 703H and Alpha State Com 803H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

CASE NO. 24106: Notice to all affected parties, as well as heirs and devisees of: Luckaloy Limited Company, a New Mexico Limited Liability Company; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustee of the James Adelson and Family 2015 Trusts; T.H. McElvain Oil & Gas, LLLP; Thomaston, LLC; William J. McCaw; XTO Holdings, LLC; Zunis Energy, LLC of the 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/oecd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the E/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 1, the E/2 SW/4 of Section 4 (E/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 702H and Alpha State Com 802H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

CASE NO. 24107: Notice to all affected parties, as well as heirs and devisees of: CEP Minerals; Collins & Jones Investments, LLC; Crown Oil Partners, LP; David W. Cromwell; Deane Durham; G & H News Minerals, LLC; H. Jason Wacker; Kaleb Smith; KMF Land, LLC; LMC Energy, LLC;

EXHIBIT**D**

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CASE NO. 24107: Notice to all affected parties, as well as heirs and devisees of: CEP Minerals; Collins & Jones Investments, LLC; Crown Oil Partners, LP; David W. Cromwell; Deane Durham; G & C; Good News Minerals, LLC; H. Jason Wacker; Kaleb Smith; KMF Land, LLC; LMC Energy, LLC; Luckaloy Limited Company, A New Mexico Limited Liability Company; Marathon Oil Permian, LLC; MCT Energy, Ltd.; Mike Moylett; Oak Valley Mineral and Land, LP; Post Oak Crown IV, LLC; Post Oak Crown IVB, LLC; Post Oak Mavros, II, LLC; SB Land, LLC; Sortida Resources, LLC; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; William J. McCaw; Zunis Energy, LLC of the 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/ocd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.69-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 E/2 of Section 33, Township 18 South, Range 35 East, and Lot 2, the SW/4 NE/4 and W/2 SE/4 of Section 4 (W/2 E/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 303H, Alpha State Com 503H, and Alpha State Com 603H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

CASE NO. 24108: Notice to all affected parties, as well as heirs and devisees of: Luckaloy Limited Company, a New Mexico Limited Liability Company; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; T.H. McElvain Oil & Gas, LLLP; Thomaston, LLC; William J. McCaw; XTO Holdings, LLC; Zunis Energy, LLC of the 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/ocd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Bone Spring horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Alpha State Com 301H, Alpha State Com 501H, and Alpha State Com 601H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

CASE NO. 24109: Notice to all affected parties, as well as heirs and devisees of: Luckaloy Limited Company, a New Mexico Limited Liability Company; State of New Mexico, by and through its Commissioner of Public Lands; Susannah D. Adelson, Trustees of the James Adelson and Family 2015 Trusts; T.H. McElvain Oil & Gas, LLLP; Thomaston, LLC; William J. McCaw; Zunis Energy, LLC of the Application of Franklin Mountain Energy 3, LLC for compulsory pooling and, to the extent necessary, approval of an overlapping spacing unit, 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 **January 4, 2024** to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at <https://www.emnrd.nm.gov/ocd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 319.70-acre, more or less, Wolfcamp horizontal spacing unit comprising the W/2 W/2 of Section 33, Township 18 South, Range 35 East, and Lot 4, the SW/4 NW/4 and W/2 SW/4 of Section 4 (W/2 W/2 equivalent), Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the **Alpha State Com 701H and Alpha State Com 801H wells**, to be horizontally drilled. The producing area for the wells are expected to be orthodox. The proposed horizontal spacing unit will partially overlap the following existing Wolfcamp spacing units:

- A 80-acre vertical well spacing unit comprised of Unit E in Section 4, dedicated to G and C Operating, LLC's New Mexico DD State #002 well (API 30-025-27663)
- A 320-acre horizontal spacing comprised of the SW/SW of Section 4 dedicated to Franklin Mountain's Cable 19 35 9 State Com #001H well (API 30-025-46140).

Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 16 miles west of Hobbs, New Mexico.

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