



Before the Oil Conservation Division
Examiner Hearing March 21st, 2024

Compulsory Pooling

Case No. 24213: Tag State Com 302H, Tag State Com
303H, Tag State Com 304H, Tag State Com 503H, Tag State
Com 504H, Tag State Com 603H, Tag State 604H

**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. 24213

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 24213	APPLICANT'S RESPONSE
Date	March 21, 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	Tag 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:	Wildcat G-06 S203511G; Bone Spring Pool (Code 96585)
Well Location Setback Rules:	State-Wide Rules Apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	641.27-acres
Building Blocks:	40-Acres
Orientation:	North/South
Description: TRS/County	Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular of Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 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	Yes, the completed intervals for the Tag State Com 303H and Tag State Com 603H wells are expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.
Proximity Defining Well: if yes, description	Tag State Com 303H and Tag State Com 603H
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: Tag State Com 302H	API No. Pending SHL: 266' FNL & 1995' FEL, (Lot 2/Unit B), Section 2, T20S, R35E BHL: 100' FSL & 2290' FEL, (Unit O) Section 11, T20S, R35E Completion Target: First Bone Spring (Approx. 9,398' TVD) Orientation: North/South



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Well #2: Tag State Com 303H	API No. <i>Pending</i> SHL: 266' FNL & 1965' FEL, (Lot 2/Unit B), Section 2, T20S, R35E BHL: 100' FSL & 1490' FEL, (Unit O) Section 11, T20S, R35E Completion Target: First Bone Spring (Approx. 9,371' TVD) Orientation: North/South
Well #3: Tag State Com 304H	API No. <i>Pending</i> SHL: 266' FNL & 1126' FEL, (Lot 1/Unit A), Section 2, T20S, R35E BHL: 100' FSL & 360' FEL, (Unit P) Section 11, T20S, R35E Completion Target: First Bone Spring (Approx. 9,333' TVD) Orientation: North/South
Well #4: Tag State Com 503H	API No. <i>Pending</i> SHL: 266' FNL & 2025' FEL, (Lot 2/Unit B), Section 2, T20S, R35E BHL: 100' FSL & 2290' FEL, (Unit O) Section 11, T20S, R35E Completion Target: Second Bone Spring (Approx. 10,298' TVD) Orientation: North/South
Well #5: Tag State Com 504H	API No. <i>Pending</i> SHL: 266' FNL & 1186' FEL, (Lot 1/Unit A), Section 2, T20S, R35E BHL: 100' FSL & 980' FEL, (Unit P) Section 11, T20S, R35E Completion Target: Second Bone Spring (Approx. 10,254' TVD) Orientation: North/South
Well #6: Tag State Com 603H	API No. <i>Pending</i> SHL: 266' FNL & 1935' FEL, (Lot 2/Unit B), Section 2, T20S, R35E BHL: 100' FSL & 1490' FEL, (Unit O) Section 11, T20S, R35E Completion Target: Third Bone Spring (Approx. 10,596' TVD) Orientation: North/South
Well #7: Tag State Com 604H	API No. <i>Pending</i> SHL: 266' FNL & 1096' FEL, (Lot 1/Unit A), Section 2, T20S, R35E BHL: 100' FSL & 360' FEL, (Unit P) Section 11, T20S, R35E Completion Target: Third Bone Spring (Approx. 10,558' TVD) Orientation: North/South
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 23
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
(including lease numbers and owners) of Tracts subject to notice	N/A
Pooled Parties (including ownership type)	Exhibit B.5
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above &	N/A
OCD Examiner Hearing 3-21-24	
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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:	3/19/2024

**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. 24213

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.

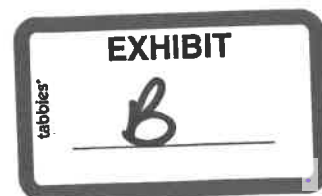
2. My area of responsibility at Franklin includes the area of Lea County in New Mexico.

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 641.27-acre, more or less, Bone Spring horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

9. This spacing unit will be dedicated to the following wells:

- a. The **Tag State Com 302H**, **Tag State Com 303H**, **Tag State Com 503H**, and **Tag State Com 603H** wells to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and
- b. The **Tag State Com 304H**, **Tag State Com 504H**, and **Tag State Com 604H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11.

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 WILDCAT G-06 S203511G; BONE SPRING pool, Pool Code 96585.

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

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

15. The producing areas for the wells are expected to be orthodox.
16. There are no depth severances within the proposed spacing unit.
17. The completed intervals for the Tag State Com 303H and Tag State Com 603H wells are expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.
18. **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.
19. 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.
20. In my opinion, Franklin has made a good faith effort to obtain voluntary joinder of the unleased mineral interest owners in the proposed wells.
21. **Exhibit B.4** is a summary of my contacts with the working interest owners.
22. **Exhibit B.5** is a list of the parties being pooled for this case.
23. **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.
24. **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.

25. 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.

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

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

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

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

30. The attachments to this affidavit 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]

Dated: March 18, 2024



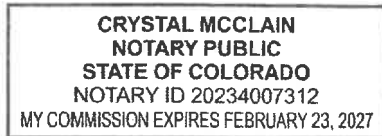
Don Johnson


State of Colorado

County of Denver

This record was acknowledged before me on March 18th, 2024, 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. 24213

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 641.27-acre, more or less, Bone Spring horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 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 spacing unit to the following wells:
 - a. The **Tag State Com 302H, Tag State Com 303H, Tag State Com 503H, and Tag State Com 603H** wells to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and
 - b. The **Tag State Com 304H, Tag State Com 504H, and Tag State Com 604H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11.



3. The producing area for the wells is expected to be orthodox.

4. The completed intervals for the **Tag State Com 303H** and **Tag State Com 603H** wells are expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

5. 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.

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

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on March 7, 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 Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 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
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500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
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yarithza.pena@modrall.com
Attorneys for Franklin Mountain Energy 3, LLC

CASE NO. 24213: 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 641.27-acre, more or less, Bone Spring horizontal spacing unit comprising of Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the **Tag State Com 302H, Tag State Com 303H, Tag State Com 503H, and Tag State Com 603H** wells to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and the **Tag State Com 304H, Tag State Com 504H, and Tag State Com 604H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11. The producing area for the wells is expected to be orthodox. The completed intervals for the Tag State Com 303H and Tag State Com 603H wells are expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC. 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 19 miles southwest 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 96585	³ Pool Name WILDCAT G-06 S203511G; BONE SPRING
⁴ Property Code	⁵ Property Name TAG STATE COM	⁶ Well Number 302H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3673.7

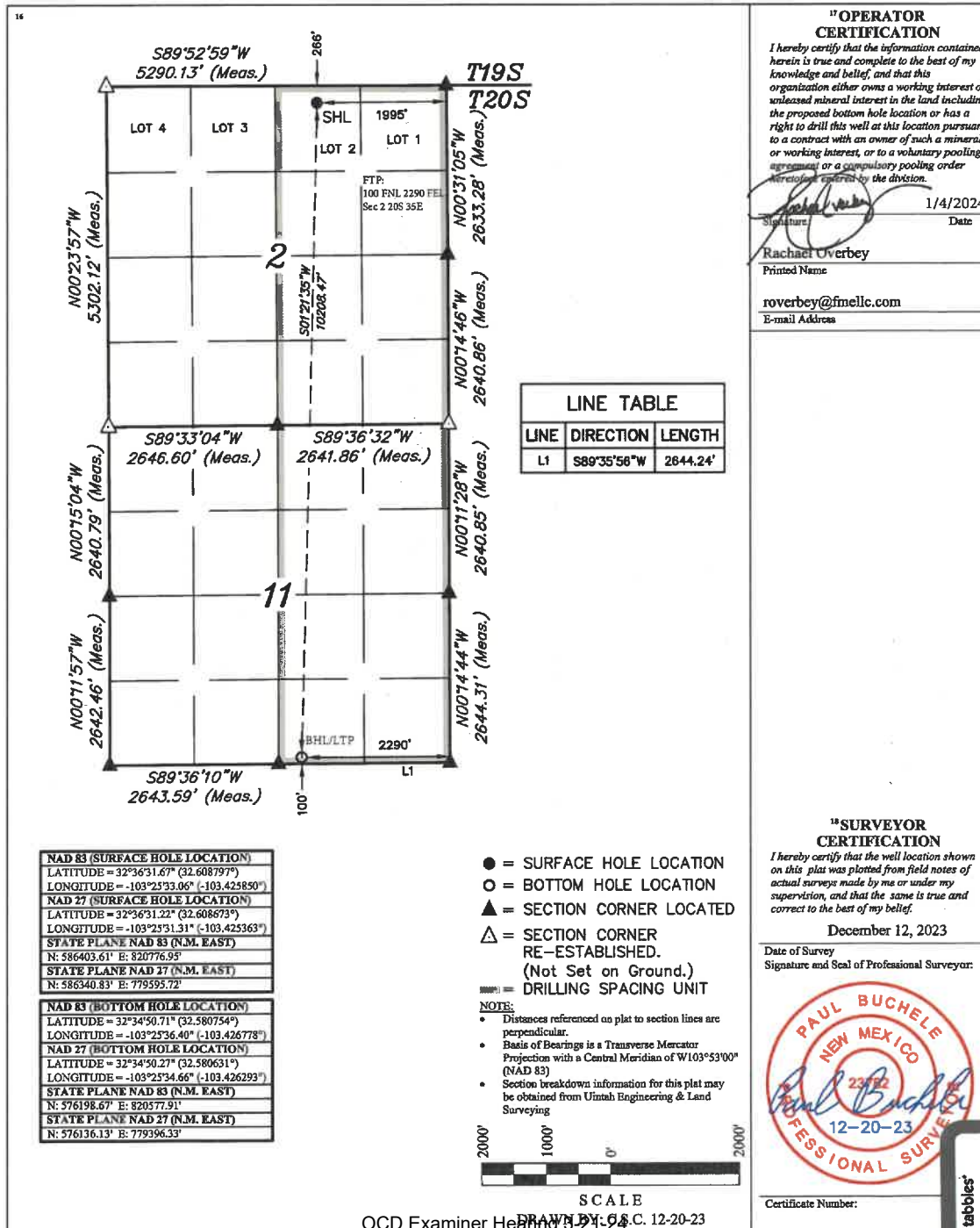
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	2	20S	35E		266	NORTH	1995	EAST	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
O	11	20S	35E		100	SOUTH	2290	EAST	LEA
¹² Dedicated Acres 641.27	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 3-21-24 C. 12-20-23

No. 24213

District I
1625 N. French Dr., Hobbs, NM 88240
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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 96585	³ Pool Name WILDCAT G-06 S203511G; BONE SPRING
⁴ Property Code	⁵ Property Name TAG STATE COM	⁶ Well Number 303H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3673.5'

¹⁰ Surface Location

UL or lot no. 2	Section 2	Township 20S	Range 35E	Lot Ida	Feet from the 266	North/South line NORTH	Feet from the 1965	East/West line EAST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. O	Section 11	Township 20S	Range 35E	Lot Ida	Feet from the 100	North/South line SOUTH	Feet from the 1490	East/West line EAST	County LEA
¹² Dedicated Acres 641.27	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°35'56"W	2644.24'

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: 1/4/2024
Printed Name: Rachael Overbey
E-mail Address: roverbey@fmelc.com

NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°36'31.67" (32.608796°)
LONGITUDE = -103°25'32.71" (-103.425752°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°36'31.22" (32.608673°)
LONGITUDE = -103°25'30.96" (-103.425266°)
STATE PLANE NAD 83 (N.M. EAST)
N: 586403.80' E: 826506.54'
STATE PLANE NAD 27 (N.M. EAST)
N: 586341.02' E: 779623.71'

NAD 83 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.74" (32.580760°)
LONGITUDE = -103°25'27.05" (-103.424182°)
NAD 27 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.29" (32.580637°)
LONGITUDE = -103°25'25.31" (-103.423697°)
STATE PLANE NAD 83 (N.M. EAST)
N: 576207.66' E: 821377.73'
STATE PLANE NAD 27 (N.M. EAST)
N: 576145.12' E: 780196.14'

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

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
0 1000' 2000'

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.

December 12, 2023

Date of Survey
Signature and Seal of Professional Surveyor:

Paul Buchele
PAUL BUCHELE
NEW MEXICO
PROFESSIONAL SURVEYOR
12-20-23

Certificate Number:

OCD Examiner Hearing 3-21-24 C. 12-20-23

No. 24213

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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 96585	³ Pool Name WILDCAT G-06 S203511G;BONE SPRING
⁴ Property Code	⁵ Property Name TAG STATE COM	⁶ Well Number 304H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3669.6'

"Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	2	20S	35E		266	NORTH	1126	EAST	LEA

"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
P	11	20S	35E		100	SOUTH	360	EAST	LEA
¹² Dedicated Acres 641.27	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.

**"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: 1/2/2024

Printed Name: Rachael Overbey

E-mail Address: roverbey@fmellc.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.

December 12, 2023

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number:

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

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

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 96585	³ Pool Name WILDCAT G-06 S203511G; BONE SPRING
⁴ Property Code	⁵ Property Name TAG STATE COM	⁶ Well Number 503H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3674.5'

¹⁰ Surface Location

UL or lot no. 2	Section 2	Township 20S	Range 35E	Lot Idn	Feet from the 266	North/South line NORTH	Feet from the 2025	East/West line EAST	County LEA
--------------------	--------------	-----------------	--------------	---------	----------------------	---------------------------	-----------------------	------------------------	---------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no. O	Section 11	Township 20S	Range 35E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 2290	East/West line EAST	County LEA
¹² Dedicated Acres 641.27	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.

¹⁶

LINE TABLE

LINE	DIRECTION	LENGTH
L1	S89°35'56"W	2644.24'

NAD 83 SURFACE HOLE LOCATION
LATITUDE = 32°36'31.67" (32.608797°)
LONGITUDE = -103°25'33.41" (-103.425947°)
NAD 27 SURFACE HOLE LOCATION
LATITUDE = 32°36'31.22" (32.608674°)
LONGITUDE = -103°25'31.66" (-103.425460°)
STATE PLANE NAD 83 (N.M. EAST)
N: 586403.42' E: 820746.95'
STATE PLANE NAD 27 (N.M. EAST)
N: 586340.64' E: 779565.72'

NAD 83 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.71" (32.580754°)
LONGITUDE = -103°25'36.40" (-103.426778°)
NAD 27 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.27" (32.580631°)
LONGITUDE = -103°25'34.66" (-103.426293°)
STATE PLANE NAD 83 (N.M. EAST)
N: 576198.67' E: 820577.91'
STATE PLANE NAD 27 (N.M. EAST)
N: 576136.13' E: 779396.33'

LEGEND:
● = SURFACE HOLE LOCATION
○ = BOTTOM HOLE LOCATION
▲ = SECTION CORNER LOCATED
△ = SECTION CORNER RE-ESTABLISHED. (Not Set on Ground.)
■ = DRILLING SPACING UNIT

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
0 1000 2000

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: 1/4/2024
Printed Name: Rachael Overbey
E-mail Address: roverbey@fmelc.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.
December 12, 2023
Date of Survey
Signature and Seal of Professional Surveyor:
Paul Buchele
PAUL BUCHELE
NEW MEXICO
PROFESSIONAL SURVEYOR
12-20-23
Certificate Number:

OCD Examiner Hearing 3-21-24

No. 24213

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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811 S. First St., Artesia, NM 88210
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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 96585	³ Pool Name WILDCAT G-06 S203511G; BONE SPRING
⁴ Property Code	⁵ Property Name TAG STATE COM	⁶ Well Number 504H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3670.1'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	2	20S	35E		266	NORTH	1186	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
P	11	20S	35E		100	SOUTH	980	EAST	LEA
¹² Dedicated Acres 641.27	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.

¹⁶

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: 1/2/2024
Printed Name: Rachael Overbey
E-mail Address: roverbey@fmelle.com

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.

December 12, 2023
Date of Survey
Signature and Seal of Professional Surveyor: *Paul Buchele*

19

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

NOTE:
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• Section breakdown information for this plat may be obtained from Uintah Engineering & Land Surveying

NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°36'31.65" (32.608791°)
LONGITUDE = -103°25'23.60" (-103.423221°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°36'31.20" (32.608667°)
LONGITUDE = -103°25'21.85" (-103.422735°)
STATE PLANE NAD 83 (N.M. EAST)
N: 586408.35' E: 821586.34'
STATE PLANE NAD 27 (N.M. EAST)
N: 586345.58' E: 780405.09'

NAD 83 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.75" (32.580764°)
LONGITUDE = -103°25'21.10" (-103.422526°)
NAD 27 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.31" (32.580640°)
LONGITUDE = -103°25'19.35" (-103.422041°)
STATE PLANE NAD 83 (N.M. EAST)
N: 576213.39' E: 821587.62'
STATE PLANE NAD 27 (N.M. EAST)
N: 576150.86' E: 780706.02'

SCALE
DRAWN BY: C.S.C. 12-20-23
OCD Examiner Hearing 3-21-24

2000' 1000' 0' 2000'

District I
1625 N. French Dr., Hobbs, NM 88240
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 96585	³ Pool Name WILDCAT G-06 S203511G; BONE SPRING
⁴ Property Code	⁵ Property Name TAG STATE COM	⁶ Well Number 603H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3673.2'

¹⁰ Surface Location

UL or lot no. 2	Section 2	Township 20S	Range 35E	Lot Idn	Feet from the 266	North/South line NORTH	Feet from the 1935	East/West line EAST	County LEA
--------------------	--------------	-----------------	--------------	---------	----------------------	---------------------------	-----------------------	------------------------	---------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no. O	Section 11	Township 20S	Range 35E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 1490	East/West line EAST	County LEA
¹² Dedicated Acres 641.27	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°35'56"W	2644.24'

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Signature: *Rachael Overbey* Date: 1/4/2024

Printed Name: Rachael Overbey

E-mail Address: roverbey@fmellc.com

¹⁸ SURVEYOR CERTIFICATION

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December 12, 2023

Date of Survey: _____
Signature and Seal of Professional Surveyor: _____

Certificate Number: _____

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△ = SECTION CORNER RE-ESTABLISHED.
(Not Set on Ground.)
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SCALE
0 1000' 2000'

NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°36'31.67" (32.608796°)
LONGITUDE = -103°25'32.36" (-103.425655°)

NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°36'31.22" (32.608673°)
LONGITUDE = -103°25'30.61" (-103.425168°)

STATE PLANE NAD 83 (N.M. EAST)
N: 586403.99' E: 820836.94'

STATE PLANE NAD 27 (N.M. EAST)
N: 586341.21' E: 779655.70'

NAD 83 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.74" (32.580760°)
LONGITUDE = -103°25'27.05" (-103.424182°)

NAD 27 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.29" (32.580637°)
LONGITUDE = -103°25'25.31" (-103.423697°)

STATE PLANE NAD 83 (N.M. EAST)
N: 576207.66' E: 821377.73'

STATE PLANE NAD 27 (N.M. EAST)
N: 576145.12' E: 780196.14'

OCD Examiner Hearing 3-21-24

No. 24213

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 96585	³ Pool Name WILDCAT G-06 S203511G; BONE SPRING
⁴ Property Code	⁵ Property Name TAG STATE COM	⁶ Well Number 604H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3669.7'

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
1	2	20S	35E		266	NORTH	1096	EAST	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
P	11	20S	35E		100	SOUTH	360	EAST	LEA
¹² Dedicated Acres 641.27	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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Signature: *Rachael Overbey* Date: 1/2/2024
Printed Name: Rachael Overbey
E-mail Address: roverbey@fmllc.com

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Date of Survey
Signature and Seal of Professional Surveyor:

Certificate Number:

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

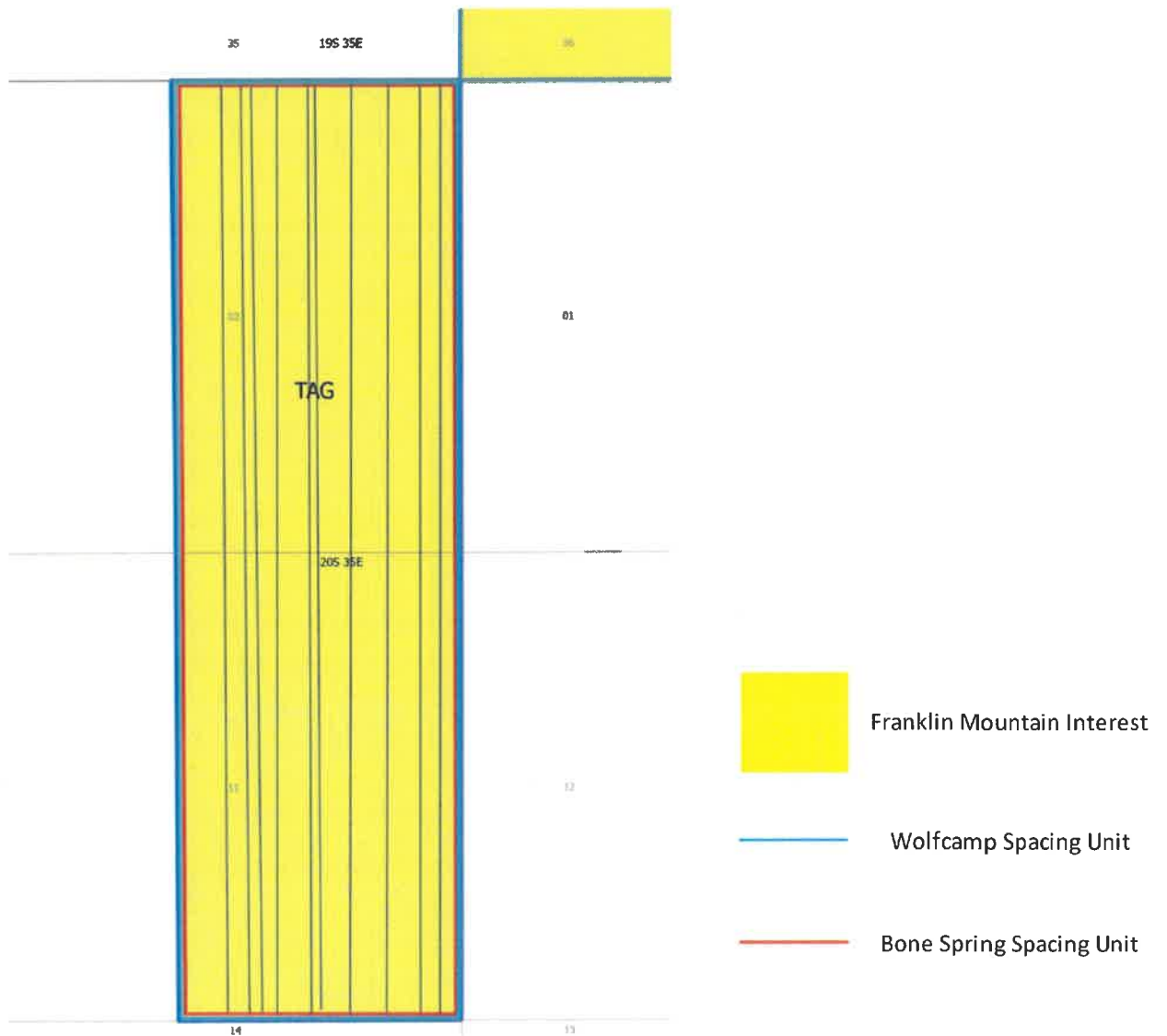
NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°36'31.64" (32.608790°)
LONGITUDE = -103°25'22.54" (-103.422929°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°36'31.20" (32.608667°)
LONGITUDE = -103°25'20.79" (-103.422443°)
STATE PLANE NAD 83 (N.M. EAST)
N: 586408.92' E: 821676.32'
STATE PLANE NAD 27 (N.M. EAST)
N: 586346.15' E: 780495.07'

NAD 83 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.77" (32.580768°)
LONGITUDE = -103°25'13.85" (-103.420514°)
NAD 27 (BOTTOM HOLE LOCATION)
LATITUDE = 32°34'50.32" (32.580645°)
LONGITUDE = -103°25'12.10" (-103.420029°)
STATE PLANE NAD 83 (N.M. EAST)
N: 576220.35' E: 822507.49'
STATE PLANE NAD 27 (N.M. EAST)
N: 576157.83' E: 781325.87'

SCALE
DRAWN BY: C.S.C. 12-20-23
OCD Examiner Hearing 3-21-24

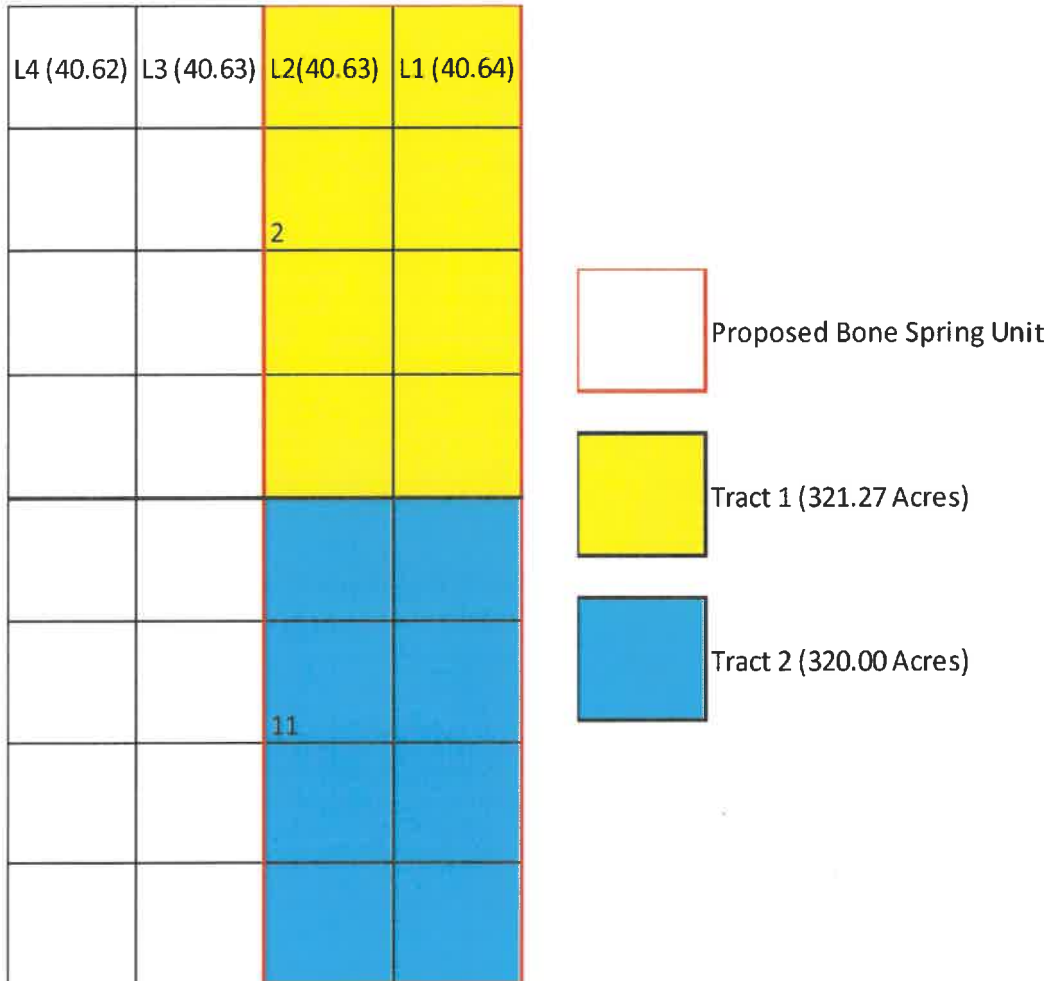
Development Overview

Case Nos. 24213



1 mile

Lease Tract Map
Case No. 24213
E/2 of Sections 2 & 11-T20S-R35E, 641.27 Acres
Tag State Com 302H, Tag State Com 303H,
Tag State Com 304H, Tag State Com 503H,
Tag State Com 504H, Tag State Com 603H, Tag State Com 604H



Summary of Interests
Case No. 24213
E/2 of Sections 2 & 11-T20S-R35E, 641.27 Acres
Tag State Com 302H, Tag State Com 303H,
Tag State Com 304H, Tag State Com 503H,
Tag State Com 504H, Tag State Com 603H, Tag State Com 604H

Committed Working Interest	
Franklin Mountain Energy 3, LLC	65.255933%
SITL Energy, LLC	12.943082%
Kastleford Land Company, LLC	3.757427%
R.E.B. Resources, LLC	1.669800%
Uncommitted Working Interest	
S&S Inc.	6.237622%
Roy G. Barton, Sr. & Opal Barton Rev Trust	3.898514%
Osprey Oil & Gas II, LLC	3.118811%
Estate of Robert Paul Hord	1.559406%
Roy G. Barton, Jr.	1.169554%
Wing Resources VII, LLC	0.389851%
Total:	100.000000%



Tag State Com 504H, Tag State Com 603H, Tag State Com 604H

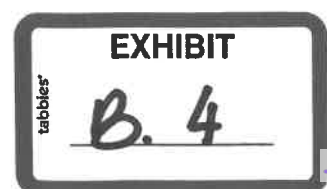
Committed Working Interest	
Franklin Mountain Energy 3, LLC	65.255933%
SITL Energy, LLC	12.943082%
Kastleford Land Company, LLC	3.757427%
R.E.B. Resources, LLC	1.669800%
Uncommitted Working Interest	
S&S Inc.	6.237622%
Roy G. Barton, Sr. & Opal Barton Rev Trust	3.898514%
Osprey Oil & Gas II, LLC	3.118811%
Estate of Robert Paul Hord	1.559406%
Roy G. Barton, Jr.	1.169554%
Wing Resources VII, LLC	0.389851%
Total:	100.000000%



Summary of Contacts (Case No. 24213)

- Franklin retained a broker who conducted extensive title work to determine the working interest owners and other interest owners.
- Franklin searched public records, phone directory, and various different types of internet searches.
- Franklin sent well proposal letters to the working interest owners on or around January 4, 2024.
- Franklin proposed general terms of a Joint Operating Agreements (JOA) within the well proposal letters sent to working interest owners.
- Franklin had multiple communications with the uncommitted working interest owners, which I have outlined in the chart below.
- Franklin filed the application to force pool uncommitted working interest owners who had not entered in to an agreement.
- Franklin's counsel sent notices of the force pooling applications to the addresses of record for the uncommitted interest owners and also for overriding royalty interest owners.
- Franklin also published notice in a newspaper of general circulation in the county where the wells will be located.

Name	Ownership Type	Date Proposal Letter Sent	Proposal Letter Received	Follow Up
SITL Energy	WI	Signed JOA		Signed JOA 11/7/2023
Kastleford Land Company, LLC	WI	Signed JOA		Signed JOA 11/7/2023
R.E.B. Resources, LLC	WI	Signed JOA		Signed JOA 11/7/2023
Osprey Oil & Gas III, LLC	WI	10/30/2023	11/1/2023	
S&S, Inc.	WI	10/30/2023	11/1/2023	
Estate of Robert Paul Hord	WI	10/30/2023	11/2/2023	Sent Leasing Information
Roy G. Barton, Jr.	WI	10/30/2023	11/2/2023	Elections received 11/15/2023
Roy G. Barton, Sr. and Opal Barton Rev Trust	WI	10/30/2023		Elections received 11/15/2023
Wing Resources VII, LLC	WI	10/30/2023	11/1/2023	Sent Leasing Information



Case No. 24213 E/2 Bone Spring Case

Working Interest Owners and Unleased Mineral Interest Owners to Be Pooled

The Estate of Robert Paul Hord, deceased
Osprey Oil and Gas II, LLC
Roy G. Barton, Sr. and Opal Barton Rev Trust
Roy G. Barton, Jr.
S&S, Inc.
Wing Resources VII, LLC

ORRI to Be Pooled

Benjamin Keith Williams and wife, Allison Claire Tull Williams
Charles Wilkins McLaughlin and wife, Hayley Wright McLaughlin
Jerry H. McCullar, III and wife, Jennifer G. McCuller
Keith Williams and wife, Becky Williams
Osprey Oil and Gas III, LLC
Paul E. Casseb, III and wife, Bonnie Rae Casseb
Ventura Oil & Gas, LLC
R.E.B. Resources, LLC
SITL Energy, LLC
Kastleford Land Company, LLC





Sent via USPS: 9405509205568141307341

October 30, 2023

Osprey Oil & Gas III, LLC
 707 N. Carrizo St.
 Midland, TX 79701
 Attn: Land Dept, Permian Basin

RE: **Well Proposals**
 Township 20 South, Range 35 East
 Section 2: Lots 1, 2, S2NE, SE
 Township 20 South, Range 35 East
 Section 11: E2
 Lea County, New Mexico
 641.27 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:

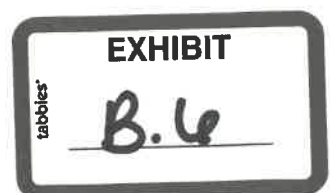
Well Name	Target Formation	Total Vertical Depth	Measured Depth	SHL	BHL	Total AFE	Order
Tag State Com 302H	1BS	9,398'	21,898'	Sec 2-T20S-R35E 240 FNL 1995 FEL	Sec 11-T20S-R35E 100 FSL 2290 FEL	\$11,355,549.08	N/A
Tag State Com 303H	1BS	9,371'	18,371'	Sec 2-T20S-R35E 240 FNL 1965 FEL	Sec 11-T20S-R35E 100 FSL 1490 FEL	\$11,355,549.08	N/A
Tag State Com 304H	1BS	9,333'	18,333'	Sec 2-T20S-R35E 240 FNL 660 FEL	Sec 11-T20S-R35E 100 FSL 360 FEL	\$11,355,549.08	N/A

44 Cook Street | Suite 1000 | Denver, CO 80206

OCD Examiner Hearing 3-21-24

No. 24213

26





Tag State Com 503H	2BS	10,298'	19,298'	Sec 2- T20S- R35E 240 FNL 2025 FEL	Sec 11- T20S- R35E 100 FSL 2290 FEL	\$11,355,549.08	N/A
Tag State Com 504H	2BS	10,254'	20,254'	Sec 2- T20S- R35E 240 FNL 720 FEL	Sec 11- T20S- R35E 100 FSL 980 FEL	\$11,355,549.08	N/A
Tag State Com 603H	3BS	10,596'	20,596'	Sec 2- T20S- R35E 240 FNL 1935 FEL	Sec 11- T20S- R35E 100 FSL 1490 FEL	\$11,650,592.43	N/A
Tag State Com 604H	3BS	10,558'	20,558'	Sec 2- T20S- R35E 240 FNL 630 FEL	Sec 11- T20S- R35E 100 FSL 360 FEL	\$11,650,592.43	N/A
Tag State Com 703H	WCA	11,348'	21,348'	Sec 2- T20S- R35E 240 FNL 2055 FEL	Sec 11- T20S- R35E 100 FSL 2290 FEL	\$11,650,592.43	N/A
Tag State Com 704H	WCA	11,304'	21,304'	Sec 2- T20S- R35E 240 FNL 690 FEL	Sec 11- T20S- R35E 100 FSL 980 FEL	\$11,650,592.43	N/A
Tag State Com 803H	WCB	11,711'	21,711'	Sec 2- T20S- R35E 240 FNL 1905 FEL	Sec 11- T20S- R35E 100 FSL 1490 FEL	\$11,783,083.07	N/A
Tag State Com 804H	WCB	11,654'	21,654'	Sec 2- T20S- R35E 240 FNL 600 FEL	Sec 11- T20S- R35E 100 FSL 360 FEL	\$11,783,083.07	N/A

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

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



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

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

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

-
-

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

Please return your signed documents to Jon Rutledge at jrutledge@fmelc.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



Tag State Com 302H:

☐ I/We hereby elect to participate in the **Tag State Com 302H** well.
☐ I/We hereby elect **NOT** to participate in the **Tag State Com 302H** well.

Tag State Com 303H:

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

Tag State Com 304H:

☐ I/We hereby elect to participate in the **Tag State Com 304H** well.
☐ I/We hereby elect **NOT** to participate in the **Tag State Com 304H** well.

Tag State Com 503H:

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

Tag State Com 504H:

☐ I/We hereby elect to participate in the **Tag State Com 504H** well.
☐ I/We hereby elect **NOT** to participate in the **Tag State Com 504H** well.

Tag State Com 603H:

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

Tag State Com 604H:

☐ I/We hereby elect to participate in the **Tag State Com 604H** well.
☐ I/We hereby elect **NOT** to participate in the **Tag State Com 604H** well.

Tag State Com 703H:

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

Tag State Com 704H:

☐ I/We hereby elect to participate in the **Tag State Com 704H** well.
☐ I/We hereby elect **NOT** to participate in the **Tag State Com 704H** well.



Tag State Com 803H:

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

Tag State Com 804H:

_____ I/We hereby elect to participate in the **Tag State Com 804H** well.
_____ I/We hereby elect **NOT** to participate in the **Tag State Com 804H** well.

Owner: Osprey Oil & Gas III, 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: Tag State Com 302H
Location: SHL: Sec 2-T20S-R35E 240 FNL 1995 FEL
Operator: BHL: Sec 11-T20S-R35E 100 FSL 2290 FEL
Franklin Mountain Energy 3, LLC
Purpose: Drill and complete a 10,000' 1BS well.
TVD 9,398', MD 21,898'

Well #: 302H
County/State: Lea Co., NM
Date Prepared: 10/25/2023
AFE #: DCE231011

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	\$50,000	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	MOUSE/RATHOLE/CONDUCT PIPE	\$31,000	240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$90,947
225	130	MUD & CHEMICALS	\$180,000	240	140	SUPERVISION	\$189,573
225	140	OPENHOLE LOGGING	\$0	240	145	SURFACE EQUIP RENTAL	\$2,844
225	141	CASED HOLE LOGGING	\$0	240	150	TRANSPORTATION/TRUCKING	\$56,872
225	145	PERMITS, LICENSES, ETC	\$30,000	240	155	WATER TRANSFER	\$0
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:	\$5,496,846
225	170	SUPERVISION	\$71,400				
225	175	SUPERVISION - GEOLOGICAL	\$30,000				
225	180	TRANSPORTATION/TRUCKING	\$20,000				
225	178	TAXES	\$125,131				
225	35	CONTINGENCY COSTS 5%	\$113,755				
		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:	\$1,597,141	245	55	PRODUCTION TUBING	\$150,000
Tangible Facility Costs				245	60	RODS/PUMPS	\$0
Major	Minor	Description	Amount	245	65	SUBSURFACE EQUIPMENT	\$50,000
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000	245	75	WELLHEAD EQUIPMENT	\$125,000
270	15	CONTAINMENT	\$0	245	70	TAXES	\$28,600
270	25	DEHYDRATION	\$0			Total Tangible Completion Costs:	\$548,600
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	EL&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				
Intangible Facility Costs				Office Use Only:			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
265	5	CONSULTING	\$18,100				
265	12	COMPANY DIRECT LABOR	\$0				
265	20	DAMAGES/ROW/PERMITS, ETC	\$24,000				
265	22	PADROAD CONSTRUCTION	\$50,000				
265	25	ENGINEERING / SCIENCE	\$22,000				
265	40	HEALTH/SAFETY/ENVIRONMENTAL	\$0				
265	45	CONTRACT LABOR & SERVICES	\$0				
265	60	OVERHEAD	\$3,000				
265	80	SURVEY / PLATS / STAKINGS	\$1,500				
265	85	TRANSPORTATION / TRUCKING	\$0				
265	83	TAXES	\$6,523				
265	10	CONTINGENCY COSTS 5%	\$5,930				
		Total Intangible Facility Costs:	\$111,053				



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

**ENERGY
AUTHORITY FOR EXPENDITURE**

Well Name:	Tag State Com 303H
Location:	SHL: Sec 2-T20S-R35E 240 FNL 1965 FEL BHL: Sec 11-T20S-R35E 100 FSL 1490 FEL
Operator:	Franklin Mountain Energy 3, LLC
Purpose:	Drill and complete a 10,000' IBS well. TVD 9,371'. MD 18,371'.

Well #:	30311
County/State:	Lea Co., NM
Date Prepared:	10/25/2023
AFE #:	DCE231012

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	\$6,630
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	\$194,310
225	20	CEMENTING SURFACE CASING	\$36,000	240	25	COMMUNICATIONS	\$1,890
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	\$23,690
225	40	CONTRACT LABOR	\$50,000	240	50	DAMAGES/RECLAMATION	\$1,890
225	45	DAMAGES	\$15,000	240	55	DISPOSAL SOLIDS	\$2,840
225	50	DAYWORK CONTRACT	\$520,000	240	60	ELECTRICAL POWER/GENERATION	\$0
225	55	DRILLING - DIRECTIONAL	\$200,000	240	62	ENGINEERING	\$5,680
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	\$50,000	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	PLA/TA COSTS	\$0
225	106	INSPECTIONS	\$15,000	240	115	PERFORATING/WIRELINE SERVICE	\$265,400
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	MOUSE/RATHOLE/CONDUIT PIPE	\$31,000	240	135	SUBSURFACE EQUIPMENT RENTAL	\$37,915
225	130	MUD & CHEMICALS	\$180,000	240	140	SUPERVISION	\$90,040
225	140	OPENHOLE LOGGING	\$0	240	145	SURFACE EQUIP RENTAL	\$189,573
225	141	CASED HOLE LOGGING	\$0	240	150	TRANSPORTATION/TRUCKING	\$2,840
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:	\$5,496,540
225	170	SUPERVISION	\$71,400				
225	175	SUPERVISION - GEOLOGICAL	\$39,000				
225	180	TRANSPORTATION/TRUCKING	\$20,000				
225	178	TAXES	\$125,131				
225	35	CONTINGENCY COSTS 5%	\$113,755				
		Total Intangible Drilling Costs:	\$2,513,586				

Tangible Drilling Costs			
Major	Minor	Description	Amount
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,758
230	30	PACKERS/SLEEVES/PLUGS	\$66,900
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,024,380
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	DEGRADATION	\$0
270	30	PRIMARY POWER MATERIALS	\$56,000

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: 10/25/2023

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

Date: _____

Title: _____

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



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

ENERGY
AUTHORITY FOR EXPENDITURE

Well Name:	Tag State Com 304H
Location:	SHL: Sec 2-T20S-R35E 240 FNL 660 FEL. BHL: Sec 11-T20S-R35E 100 FSL 360 FEL.
Operator:	Franklin Mountain Energy 3, LLC
Purpose:	Drill and complete a 10,000' IBS well TVD 9,333'. MD 18,333'.

Well #:	304H
County/State:	Lea Co., NM
Date Prepared:	10/25/2023
AFE #:	DCE231013

Intangible Drilling Costs

Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,000
225	10	CASING CREW & EQPT	\$45,000
225	15	CEMENTING INTERMEDIATE CASING	\$40,000
225	16	CEMENTING PRODUCTION CASING	\$80,000
225	20	CEMENTING SUFACE 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	\$5,000
225	120	MISCELLANEOUS	\$3,000
225	125	MOUSE/ATHOLE/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%	\$13,756
		Total Indemnity Drilling Costs	\$1,511,980

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	\$1,034,380
230	35	SURFACE CASING & ATTACHMENTS	\$169,740
230	45	WELLHEAD EQUIPMENT/CASING BOWL TAXES	\$70,000
230	40		\$83,263
		Total Trouble 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	I12S 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	EL&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	\$327,000
270	140	SIGNAGE	\$2,500
270	125	TAXES	\$55,675
Total Available Facility Costs:			\$1,007,925

Total Drill:	\$4,111,126.75
Total Completion:	\$6,045,445.50
Total Facility:	\$1,198,076.75
Total DC Intangible:	\$8,010,831.00
Total DC Tangible:	\$2,143,741.25

Total Aff:	\$11,353,549.00
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Intangible Completion Costs

Major	Minor	Description	Amount
240	5	ADMINISTRATIVE OVERHEAD	\$8,206
240	10	CASED HOLE LOGS & SURVEYS	\$6,635
240	15	CASING CREW & EQPT	\$0
240	20	COILED TUBING/SNUBBING UNIT	\$194,313
240	25	COMMUNICATIONS	\$1,896
240	30	COMPANY DIRECT LABOR	\$0
240	35	COMPLETION/WORKOVER RIG	\$75,000
240	45	CONTRACT LABOR/ROUSTABOUTS	\$23,697
240	50	DAMAGES/RECLAMATION	\$1,896
240	55	DISPOSAL SOLIDS	\$2,844
240	60	ELECTRICAL POWER/GENERATION	\$0
240	62	ENGINEERING	\$5,681
240	65	ENVIRONMENTAL/CLEANUP	\$0
240	70	FISHING TOOLS / SERVICES	\$0
240	71	FLUIDS/HAULING/DISPOSAL	\$180,000
240	72	FRAC WATER/COMPLETION FLUID	\$470,000
240	75	FUEL, POWER/DIESEL	\$550,000
240	80	HEALTH & SAFETY	\$4,700
240	85	HOUSING AND SUPPORT SERVICES	\$14,000
240	90	MATERIALS & SUPPLIES	\$0
240	95	MISCELLANEOUS	\$0
240	100	MUD & CHEMICALS	\$10,000
240	110	P&A/TA COSTS	\$0
240	115	PERFORATING/WIRELINE SERVICE	\$265,403
240	120	PIPE INSPECTION	\$0
240	125	ROAD, LOCATIONS REPAIRS	\$2,000
240	130	STIMULATION	\$2,616,000
240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$37,913
240	140	SUPERVISION	\$90,041
240	145	SURFACE EQUIP RENTAL	\$189,571
240	150	TRANSPORTATION/TRUCKING	\$2,844
240	155	WATER TRANSFER	\$56,871
240	160	WELDING SERVICES	\$0
240	165	WELL TESTING/FLOWBACK	\$165,000
240	148	TAXES	\$273,591
240	0	CONTINGENCY COSTS 5%	\$248,721
		Total Intangible Completion Costs:	\$5,400,000

Tangible Completion Costs

Major	Minor	Description	Amount
245	5	ARTIFICIAL LIFT	\$175,000
245	15	FLOWLINES	\$20,000
245	25	FRAC STRING	\$
245	40	PACKERS/SLEEVES/PLUGS/IGL MANDRELS	\$
245	45	PRODUCTION LINER	\$
245	50	PRODUCTION PROCESSING FACILITY	\$
245	55	PRODUCTION TUBING	\$150,000
245	60	RODS/PUMPS	\$
245	65	SUBSURFACE EQUIPMENT	\$50,000
245	75	WELLHEAD EQUIPMENT	\$125,000
245	70	TAXES	\$28,600
Total Available Completion Costs:			\$548,600

Intangible Facility Costs

Major	Minor	Description	Amount
265	5	CONSULTING	\$18,10
265	12	COMPANY DIRECT LABOR	\$
265	20	DAMAGES/ROW/PERMITS, ETC	\$24,00
265	22	PAID/ROAD CONSTRUCTION	\$50,00
265	23	ENGINEERING / SCIENCE	\$22,00
265	40	HEALTH/SAFETY/ENVIRONMENTAL	\$
265	45	CONTRACT LABOR & SERVICES	\$
265	60	OVERHEAD	\$3,00
265	80	SURVEY / PLATS / STAKINGS	\$1,50
265	85	TRANSPORTATION / TRUCKING	\$
265	83	TAXES	\$6,52
265	10	CONTINGENCY COSTS 5%	\$5,93
Total Intangible Facility Costs:			\$131,05

Office Use Only:

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

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

Date: 10/25/2023

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

Date: _____

Title: _____

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



4 FEB 84 DCE231014

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

**ENERGY
AUTHORITY FOR EXPENDITURE**

Well Name:	Tag State Com 504H
Location:	SHL: Sec 2-T20S-R35E 240 FNL 720 FFL BHL: Sec 11-T20S-R35E 100 FSL 980 FFL
Operator:	Franklin Mountain Energy 3, LLC
Purpose:	Drill and complete a 10,000' 2BS well. TVD 10,254'. MD 20,254'.

Well #:	504H
County/State:	Lea Co., NM
Date Prepared:	10/25/2023
APE #:	DCE231015

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	\$6,625
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/ROUABOUTS	\$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	\$90,000	240	62	ENGINEERING	\$5,687
225	60	DRILLING - FOOTAGE	\$90,000	240	65	ENVIRONMENTAL/CLEANUP	\$0
225	65	DRILLING BITS	\$0	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	\$50,000	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 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	MUOSE/RAHOLE/CONDUCT PIPE	\$31,000	240	135	SUBSURFACE EQUIPMENTAL 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	\$273,595
225	163	SITE RESTORATION	\$10,000	240	40	CONTINGENCY COSTS 5%	\$248,726
225	165	STAKING & SURVEYING	\$6,000			Total Intangible Completion Costs:	\$5,490,440
225	170	SUPERVISION	\$71,400				
225	175	SUPERVISION - GEOLOGICAL	\$39,000				
225	180	TRANSPORTATION/TRUCKING	\$20,000				
225	178	TAXES	\$125,131				
225	35	CONTINGENCY COSTS 5%	\$113,755				
		Total Intangible Drilling Costs:	\$2,513,986				
Tangible Completion Costs							
Major	Minor	Description	Amount				
245	5	ARTIFICIAL LIFT	\$175,000				
245	15	FLOWLINES	\$20,000				
245	25	FRAC STRING	\$0				

Tangible Drilling Costs					
Major	Minor	Description	Amount		
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$173,758	245	45 PRODUCTION LINER
230	20	PACKERS/SLEEVES/PLUGS	\$66,000	245	50 PRODUCTION PROCESSING FACILITY
230	25	PRODUCTION CASING & ATTACHMENTS	\$1,034,380	245	55 PRODUCTION TUBING
230	35	SURFACE CASING & ATTACHMENTS	\$169,740	245	60 RODS/PUMPS
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$70,000	245	65 SUBSURFACE EQUIPMENT
230	40	TAXES	\$83,263	245	75 WELLHEAD EQUIPMENT
				245	70 TAXES
					Total Tangible Completion Costs:
		Total Tangible Drilling Costs:	\$1,597,141		

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	PAID/ROAD CONSTRUCTION	\$50,000
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000	265	25	ENGINEERING / SCIENCE	\$22,000
270	60	IIS 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	\$6,520
			\$96,000	265	10	CONTINGENCY COSTS %	\$5,930
						Total Intangible Facility Costs:	\$111,550

270	100	CONTROL INSTRUMENT / METER / SCADA			
270	110	TANKS & WALKWAYS	\$90,000		
270	120	MECHANICAL BATTERY BUILD	\$154,000		
270	132	EL&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 Renewable Facility Costs:			\$1,007,924		

Total Drill:	\$4,111,124.79
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 AEP:	\$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: 10/25/2023

WI Owner: _____

Approved By: _____

Printed Name: _____

Date: _____

Title: _____

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

OCD Examiner Hearing 3-21-24

No. 24213

35



FRANKLIN MOUNTAIN ENERGY

AUTHORITY FOR EXPENDITURE

Well Name: Tag State Corn 603H
 Location: SHL Sec 2-T205-R35E 240 FNL 1935 FEL
 BHL Sec 11-T205-R35E 100 FSL 1490 FEL
 Operator: Franklin Mountain Energy 3, LLC
 Purpose: Drill and complete a 10,000' 3BS well.
 TVD 10,596', MD 20,596'.

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: 10/25/2023
 AFE #: DCE231016

Intangible Drilling Costs				Intangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,500	240	5	ADMINISTRATIVE OVERHEAD	\$8,200
225	10	CASING CREW & EQPT	\$50,000	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	\$21,000	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	\$55,000	240	50	DAMAGES/RECLAMATION	\$1,896
225	45	DAMAGES	\$15,000	240	55	DISPOSAL SOLIDS	\$2,844
225	50	DAYWORK CONTRACT	\$555,000	240	60	ELECTRICAL POWER/GENERATION	\$0
225	55	DRILLING - DIRECTIONAL	\$220,000	240	62	ENGINEERING	\$5,687
225	60	DRILLING - FOOTAGE	\$90,000	240	65	ENVIRONMENTAL/CLEANUP	\$0
225	65	DRILLING BITS	\$100,000	240	70	FISHING TOOLS / SERVICES	\$0
225	70	ELECTRICAL POWER/GENERATION	\$0	240	71	FLUIDS/HAULING/DISPOSAL	\$180,000
225	75	ENGINEERING	\$21,000	240	72	FRAC WATER/COMPLETION FLUID	\$470,000
225	80	ENVIRONMENTAL SERVICES	\$210,000	240	75	FUEL, POWER/DIESEL	\$550,000
225	84	EQUIPMENT RENTAL DOWNHOLE	\$50,000	240	80	HEALTH & SAFETY	\$4,700
225	85	EQUIPMENT RENTAL	\$50,000	240	85	HOUSING AND SUPPORT SERVICES	\$14,000
225	90	FISHING TOOLS/SERVICES	\$0	240	90	MATERIALS & SUPPLIES	\$0
225	95	HEALTH & SAFETY	\$9,000	240	95	MISCELLANEOUS	\$0
225	100	HOUSING AND SUPPORT SERVICES	\$19,000	240	100	MUD & CHEMICALS	\$10,000
225	105	INSURANCE	\$1,900	240	110	P&A/TA COSTS	\$0
225	106	INSPECTIONS	\$17,000	240	115	PERFORATING/WIRELINE SERVICE	\$265,403
225	110	LEGAL, TITLE SERVICES	\$5,000	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	MOUSE/RAITHOLE/CONDUCT PIPE	\$31,000	240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$37,915
225	130	MUD & CHEMICALS	\$190,000	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	\$170,000	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	161	SITE RESTORATION	\$10,000	240	40	CONTINGENCY COSTS 5%	\$248,726
225	165	STAKING & SURVEYING	\$6,000			Total Intangible Completion Costs:	\$5,496,846
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:	\$1,291,127				

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	\$1,144,050	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	\$89,295	245	50	PRODUCTION PROCESSING FACILITY	\$0
		Total Tangible Drilling Costs:	\$1,712,843	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	\$28,000
						Total Tangible Completion Costs:	\$548,000

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	E&C BATTERY BUILD	\$45,000				
270	134	CONTROLS AND SCADA BATTERY BUILD	\$56,000				
270	136	PRIMARY POWER BUILD	\$27,000				
270	138	FLOWLINE INSTALLATION	\$20,000				
270	140	SIGNAGE	\$250				
270	125	TAXES	\$55,674				
		Total Tangible Facility Costs:	\$1,067,934				

				Office Use Only:			



FRANKLIN MOUNTAIN ENERGY

AUTHORITY FOR EXPENDITURE

Well Name: Tag State Com 604H
 Location: SHL: Sec 2-T20S-R35E 240 FNL 630 FEL
 BHL: Sec 11-T20S-R35E 100 FSL 360 FEL
 Operator: Franklin Mountain Energy 3, LLC
 Purpose: Drill and complete a 10,000' 3BS well.
 TVD 10,558', MD 20,558'.

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

Well #: 604H
 County/State: Lea Co., NM
 Date Prepared: 10/25/2023
 AFE #: DCE231017

Intangible Drilling Costs				Intangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$4,500	240	5	ADMINISTRATIVE OVERHEAD	\$8,200
225	10	CASING CREW & EQPT	\$50,000	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	\$21,000	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	\$55,000	240	50	DAMAGES/RECLAMATION	\$1,896
225	45	DAMAGES	\$15,000	240	55	DISPOSAL SOLIDS	\$2,844
225	50	DAYWORK CONTRACT	\$585,000	240	60	ELECTRICAL POWER/GENERATION	\$0
225	55	DRILLING - DIRECTIONAL	\$220,000	240	62	ENGINEERING	\$5,687
225	60	DRILLING - FOOTAGE	\$90,000	240	65	ENVIRONMENTAL/CLEANUP	\$0
225	65	DRILLING BITS	\$100,000	240	70	FISHING TOOLS / SERVICES	\$0
225	70	ELECTRICAL POWER/GENERATION	\$0	240	71	FLUIDS/HAULING/DISPOSAL	\$180,000
225	75	ENGINEERING	\$21,000	240	72	FRAC WATER/COMPLETION FLUID	\$470,000
225	80	ENVIRONMENTAL SERVICES	\$210,000	240	75	FUEL, POWER/DIESEL	\$550,000
225	84	EQUIPMENT RENTAL DOWNHOLE	\$50,000	240	80	HEALTH & SAFETY	\$4,700
225	85	EQUIPMENT RENTAL	\$50,000	240	85	HOUSING AND SUPPORT SERVICES	\$14,000
225	90	FISHING TOOLS/SERVICES	\$0	240	90	MATERIALS & SUPPLIES	\$0
225	95	HEALTH & SAFETY	\$9,000	240	95	MISCELLANEOUS	\$0
225	100	HOUSING AND SUPPORT SERVICES	\$19,000	240	100	MUD & CHEMICALS	\$10,000
225	105	INSURANCE	\$1,900	240	110	PER/ATA COSTS	\$0
225	106	INSPECTIONS	\$17,000	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	MOUSE/RAITHOLE/CONDUCT PIPE	\$31,000	240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$37,915
225	130	MUD & CHEMICALS	\$190,000	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	\$170,000	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:			\$5,490,845
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:			\$2,691,171				
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	\$1,144,050	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	\$89,295	245	50	PRODUCTION PROCESSING FACILITY	\$0
Total Tangible Drilling Costs:			\$1,712,843	245	55	PRODUCTION TUBING	\$150,000
Tangible Facility Costs				245	60	RODS/PUMPS	\$0
Major	Minor	Description	Amount	245	65	SUBSURFACE EQUIPMENT	\$50,000
270	10	FACILITY PIPE/VALVES/FITTINGS	\$180,000	245	75	WELLHEAD EQUIPMENT	\$125,000
270	15	CONTAINMENT	\$0	245	70	TAXES	\$28,600
270	25	DEHYDRATION	\$0	Total Tangible Completion Costs:			\$548,600
270	30	PRIMARY POWER MATERIALS	\$56,000				
270	50	FLOWLINES / PIPELINE / HOOKUP	\$47,000				
270	60	H2S TREATING EQUIPMENT	\$0				
270	65	SEPARATION EQUIPMENT	\$125,000				
270	66	ROAD/LOCATION/FENCING/REPAIRS	\$0				
270	75	PRE-FABRICATED SKIDS	\$0				
270	86	FACILITY SURFACE EQUIPMENT	\$137,000				
270	90	H2S SAFETY SYSTEM	\$4,000				
270	100	CONTROL / INSTRUMENT / METERS / SCADA	\$86,000				
270	110	TANKS & WALKWAYS	\$90,000				
270	130	MECHANICAL BATTERY BUILD	\$154,000				
270	132	EI&C BATTERY BUILD	\$45,000				
270	134	CONTROLS AND SCADA BATTERY BUILD	\$5,000				
270	136	PRIMARY POWER BUILD	\$56,000				
270	138	FLOWLINE INSTALLATION	\$27,000				
270	140	SIGNAGE	\$250				
270	125	TAXES	\$55,674				
Total Tangible Facility Costs:			\$1,087,924				

**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. 24213

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 Tag State Com 302H, Tag State Com 303H, and Tag State Com 304H wells, 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 Tag State Com 302H, Tag State Com 303H, and Tag State Com 304H wells proposed in this case are 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 east.

8. **Exhibit C.4** is a cross-section reference map that identifies six wells in the vicinity of the proposed Tag State Com 302H, Tag State Com 303H, and Tag State Com 304H wells, 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 south.

11. **Exhibit C.7** through **Exhibit C.10** are the geology study I prepared for the Tag State Com 503H and Tag State Com 504H wells, 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 Tag State Com 503H and Tag State Com 504H wells proposed in this case are 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 Tag State Com 503H and Tag State Com 504H wells, 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** is an Isopach map of the Second Bone Spring formation. The gross interval thickness increases slightly to the south.

16. **Exhibit C.11** through **Exhibit C.14** are the geology study I prepared for the Tag State Com 603H and Tag State Com 604H wells, 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 Tag State Com 603H and Tag State Com 604H wells proposed in this case are 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 Tag State Com 603H and Tag State Com 604H wells, 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 decreases slightly to the south.

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: March 19th, 2024

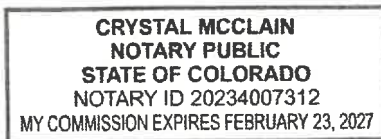

Ben Kessel

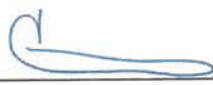
State of Colorado

County of Denver

This record was acknowledged before me on March 19th, 2024, by Ben Kessel.

[Stamp]

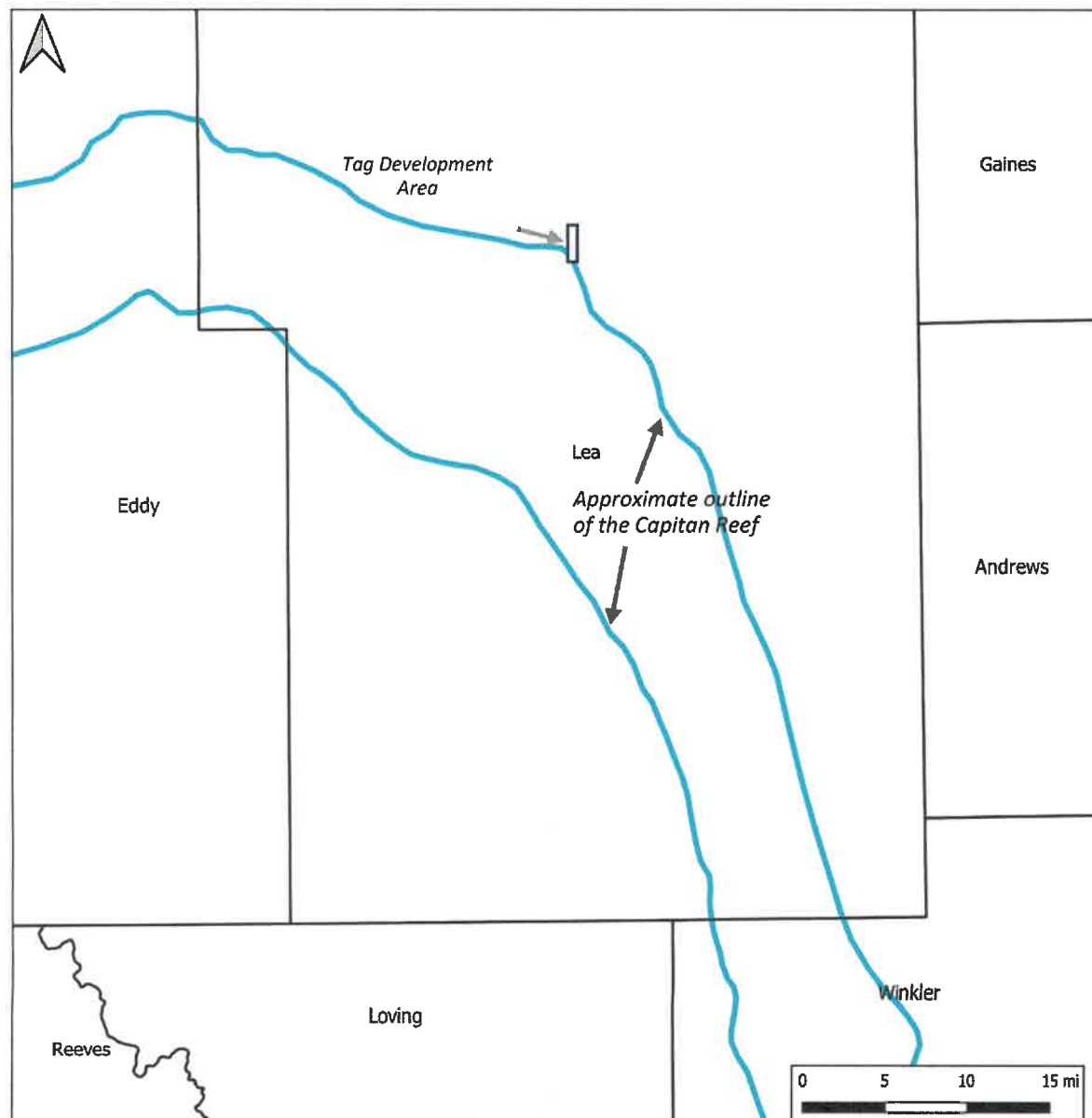



Notary Public in and for the
State of Colorado
Commission Number: 20234007312

My Commission Expires: 2/23/27

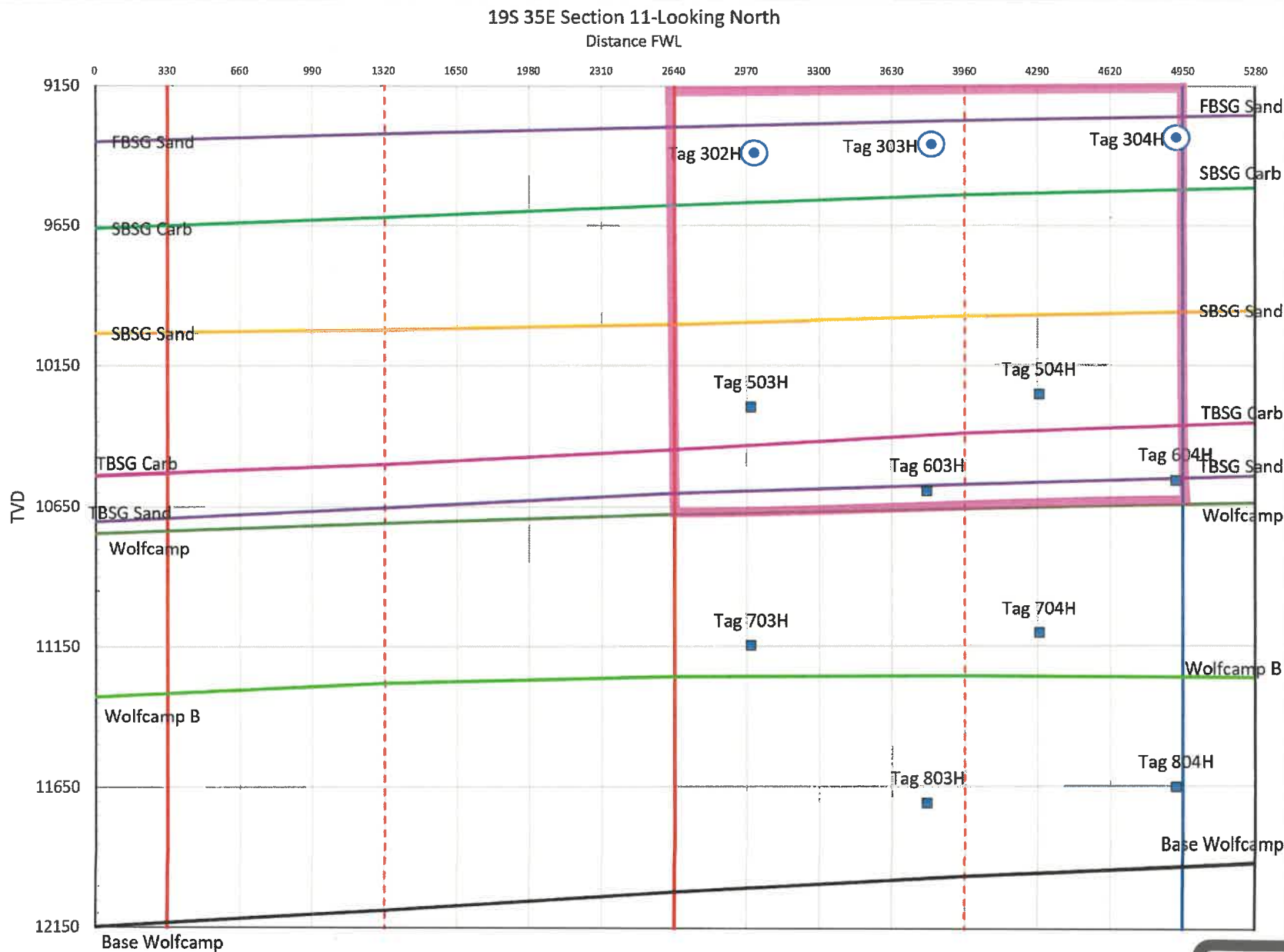
Tag Development

Locator Map



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

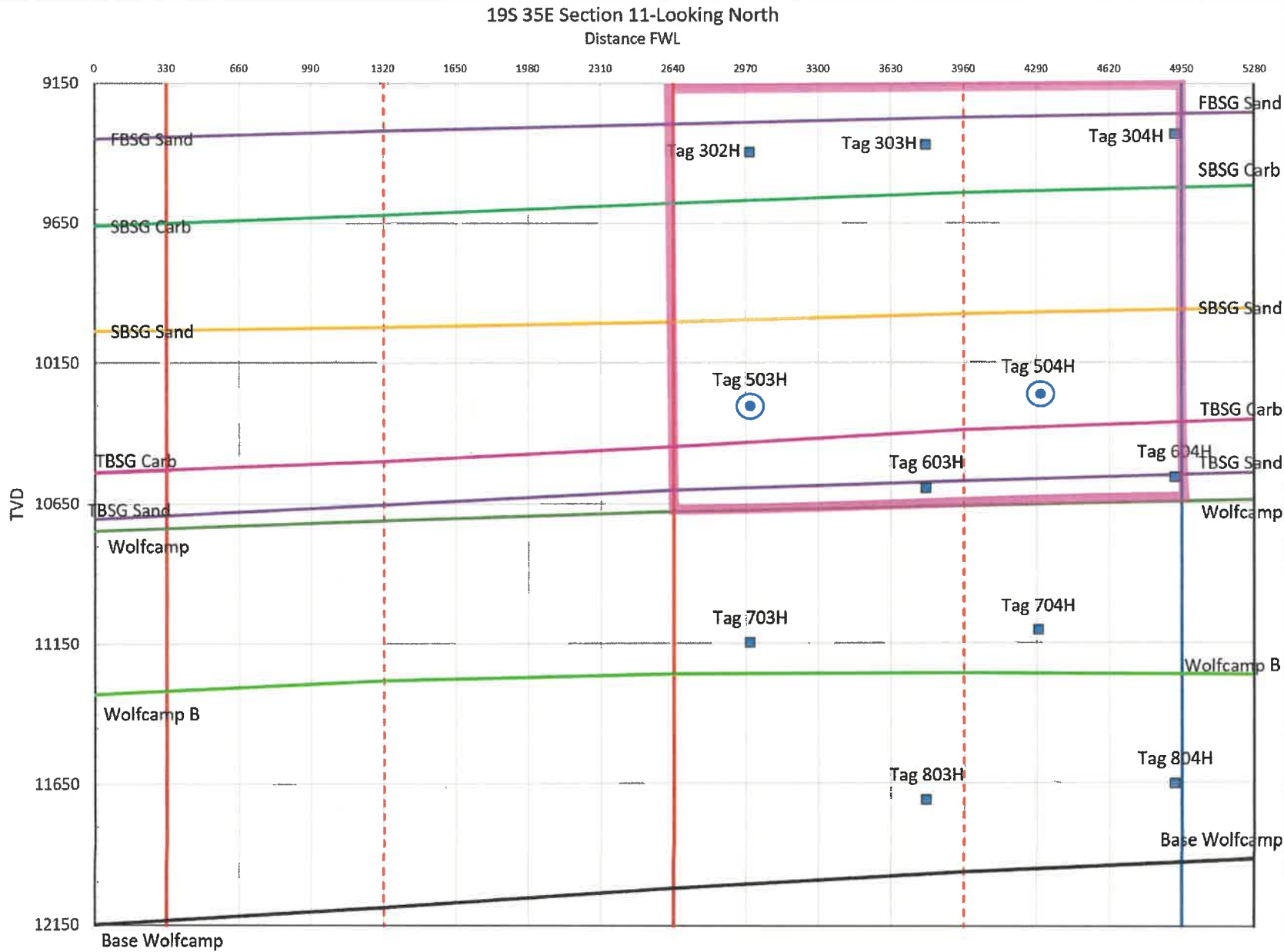
Wellbore Schematic



Proposed Lateral

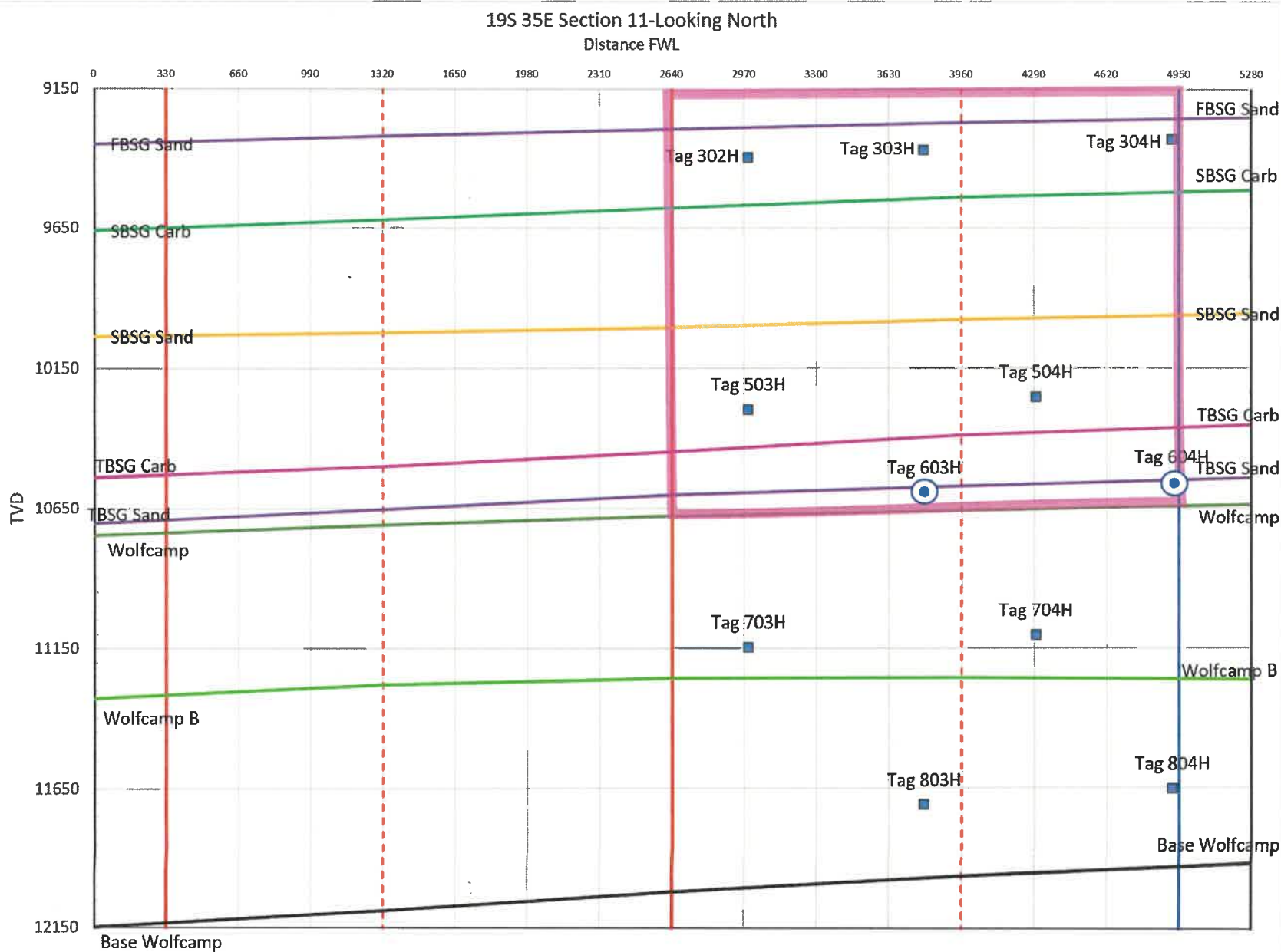
Bone Spring Spacing Unit

Wellbore Schematic



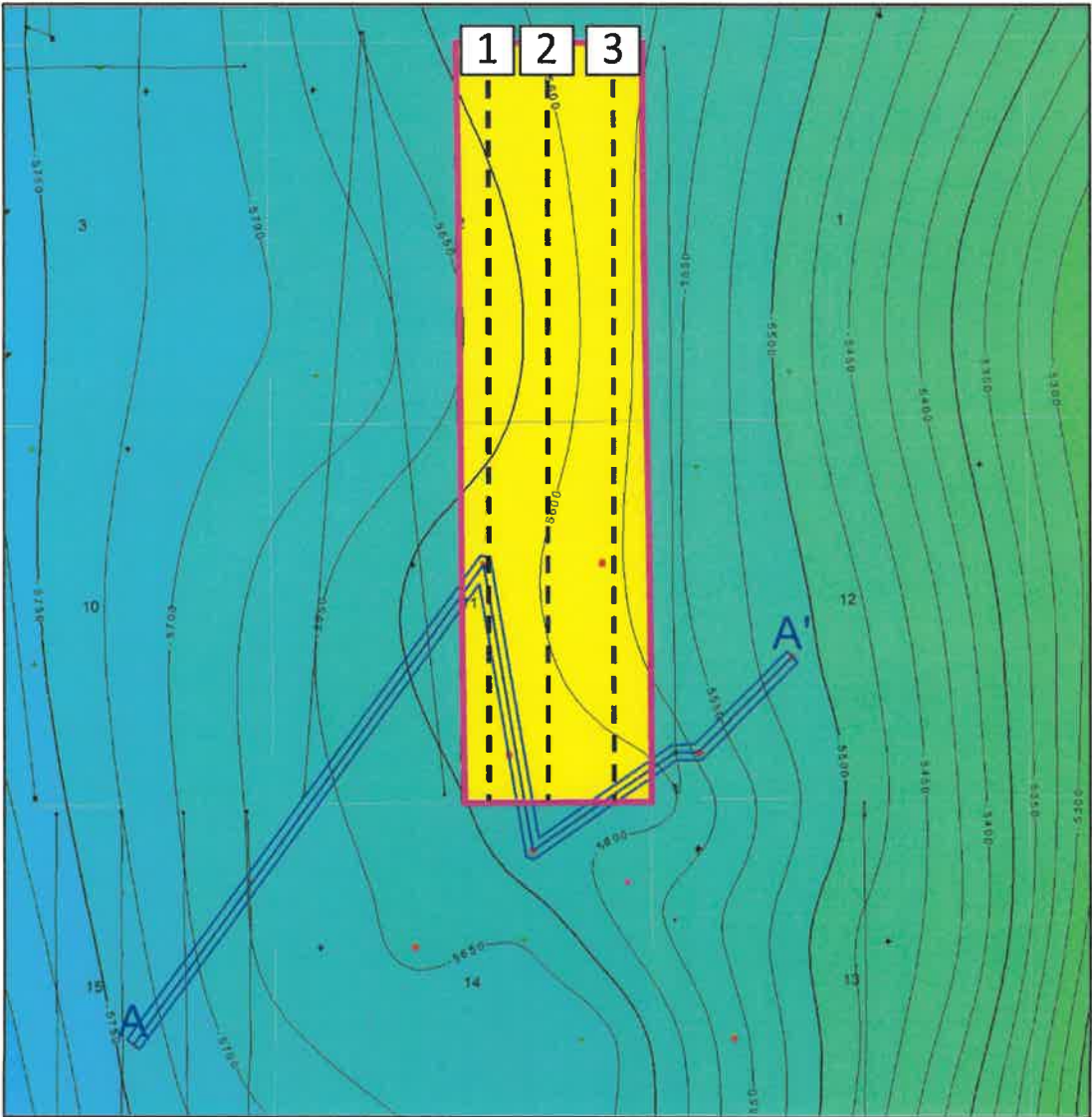
Proposed Lateral Bone Spring Spacing Unit

Wellbore Schematic



Proposed Lateral Bone Spring Spacing Unit

First Bone Spring Sand Structure Map



- Franklin Mountain Acreage
- Bone Spring Spacing Unit

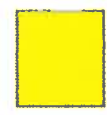
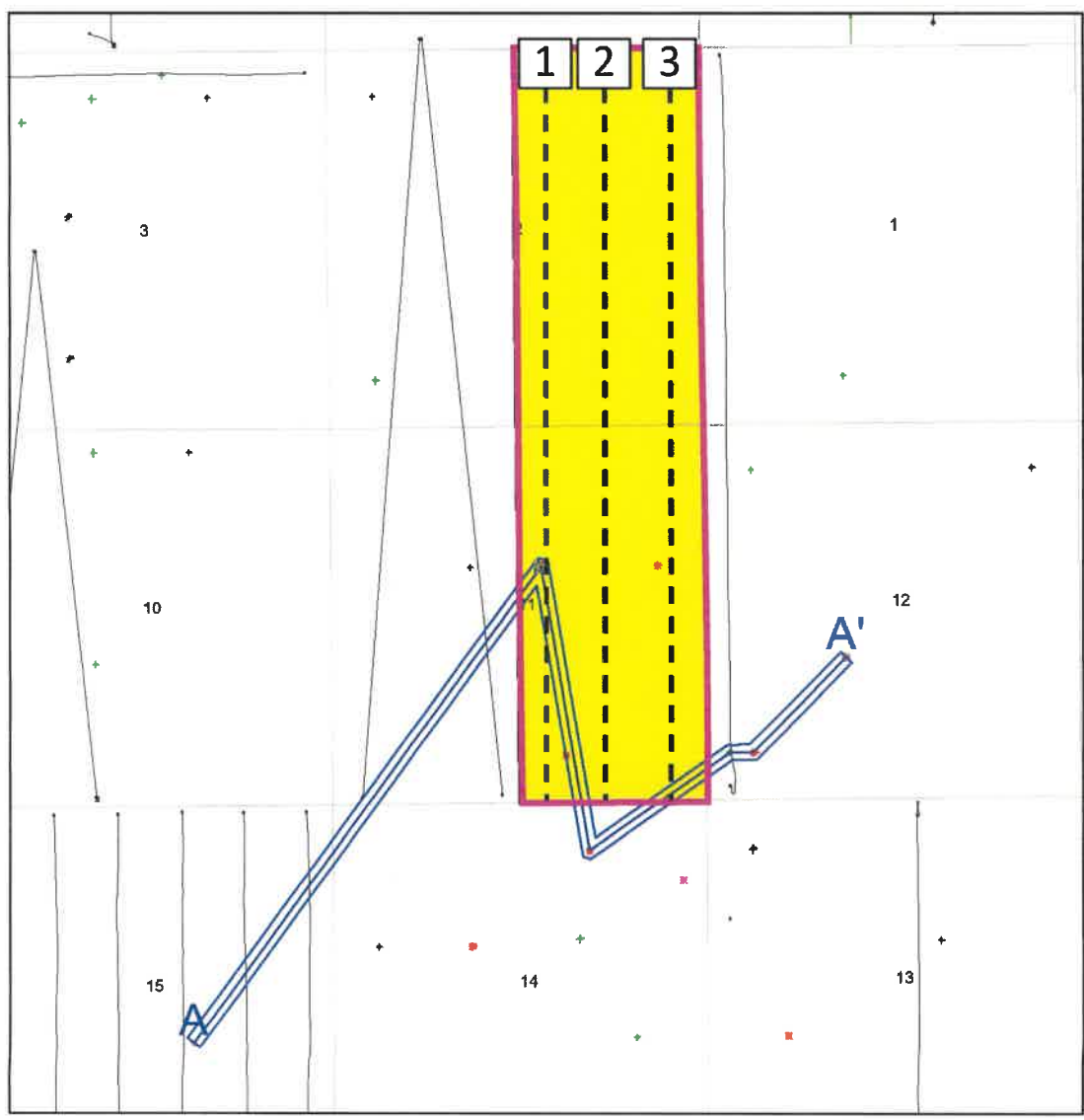
Proposed Horizontal Location

- Tag State Com 302H
- Tag State Com 303H
- Tag State Com 304H

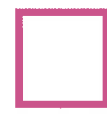
All wells shown

1 mile

Cross Section Reference Map



Franklin Mountain Acreage



Bone Spring Spacing Unit

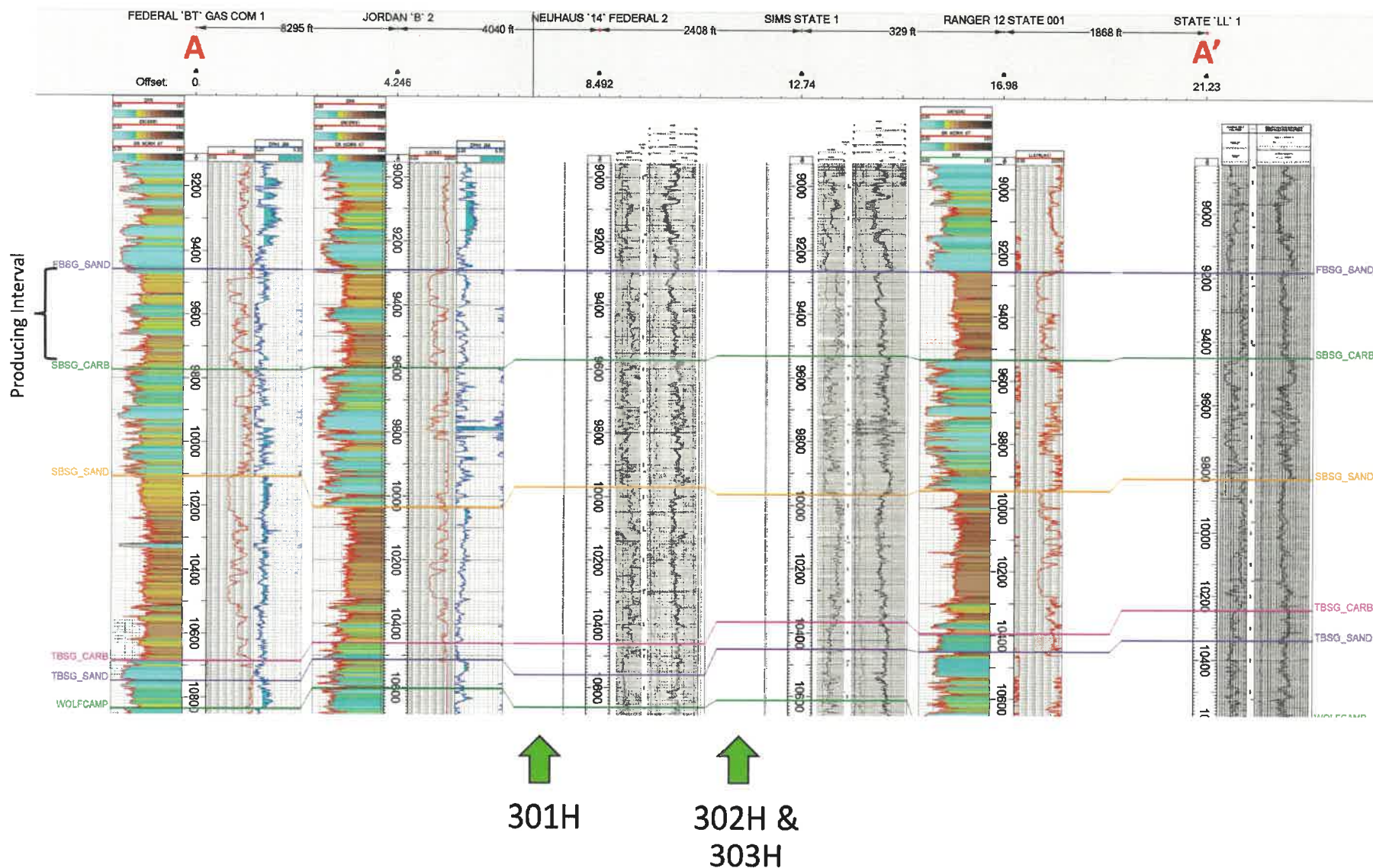
Proposed Horizontal Location

- 1 Tag State Com 302H
- 2 Tag State Com 303H
- 3 Tag State Com 304H

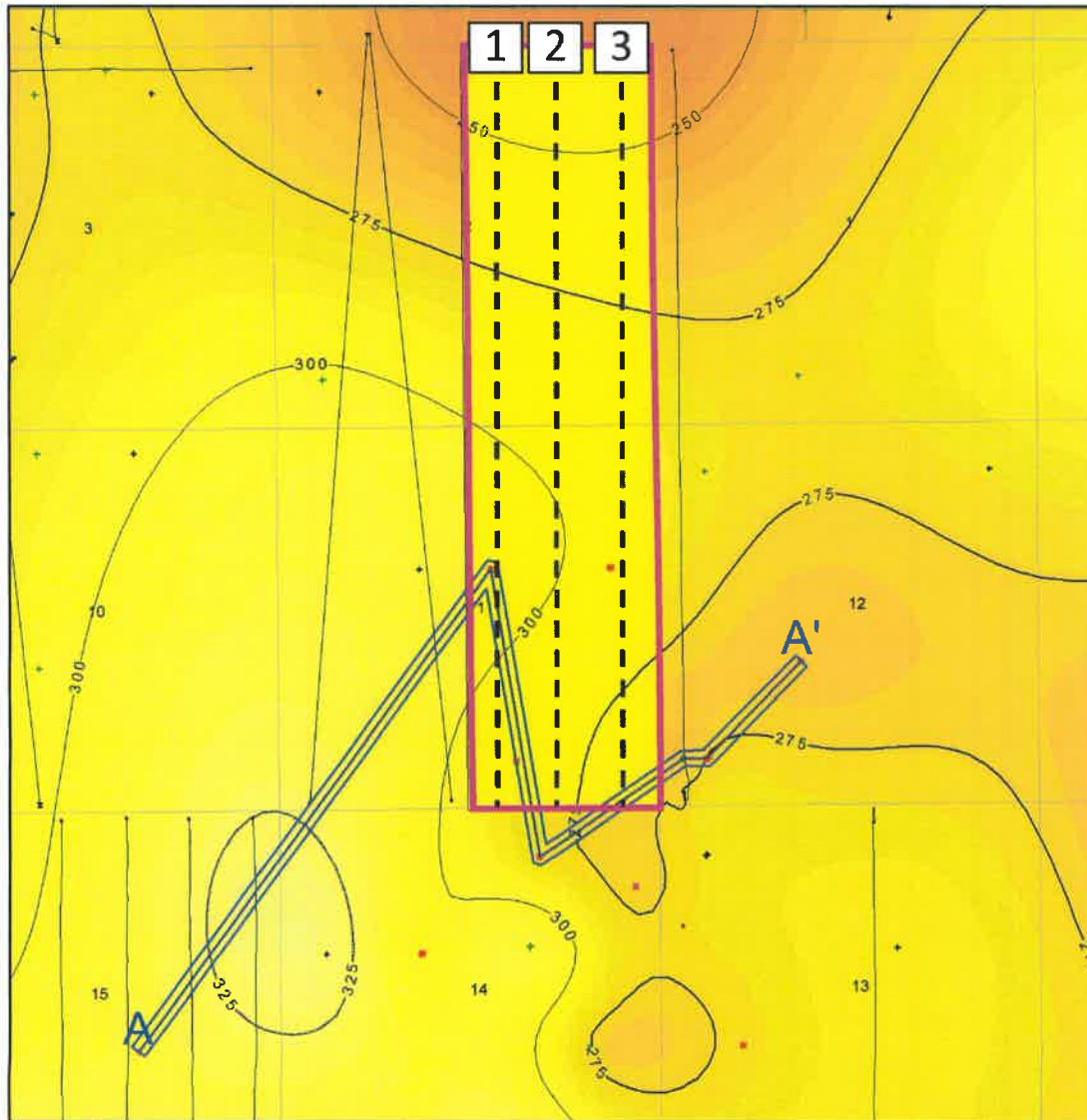
All wells shown

1 mile

First Bone Spring Cross Section



First Bone Spring Sand Isochore Map



All wells shown

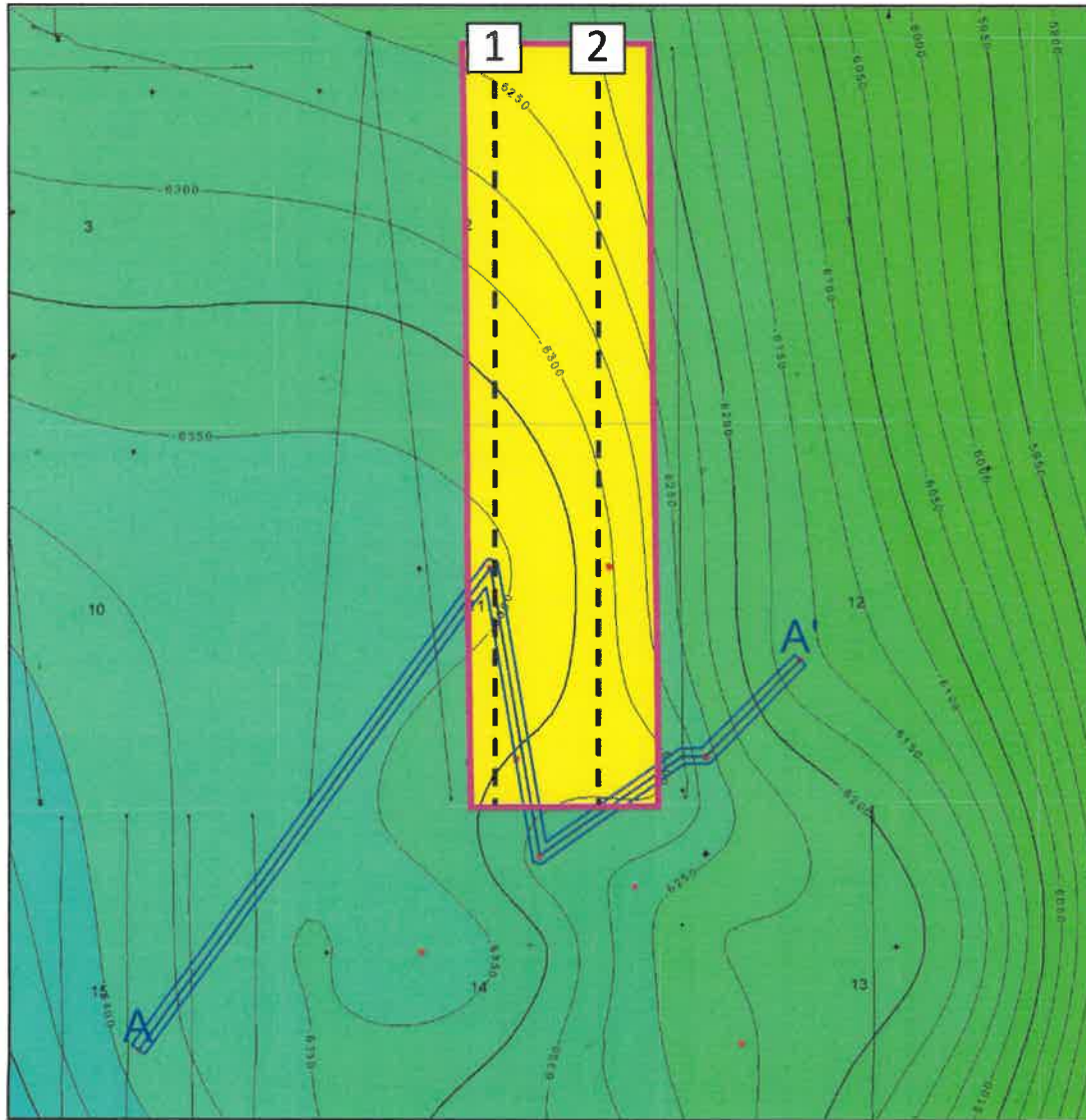
1 mile

- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

- Tag State Com 302H
- Tag State Com 303H
- Tag State Com 304H

Second Bone Spring Sand Structure Map



Franklin Mountain Acreage



Bone Spring Spacing Unit

Proposed Horizontal Location

1

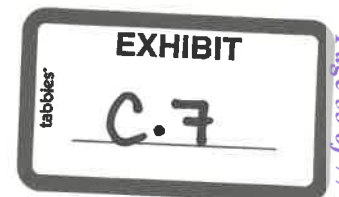
Tag State Com 503H

2

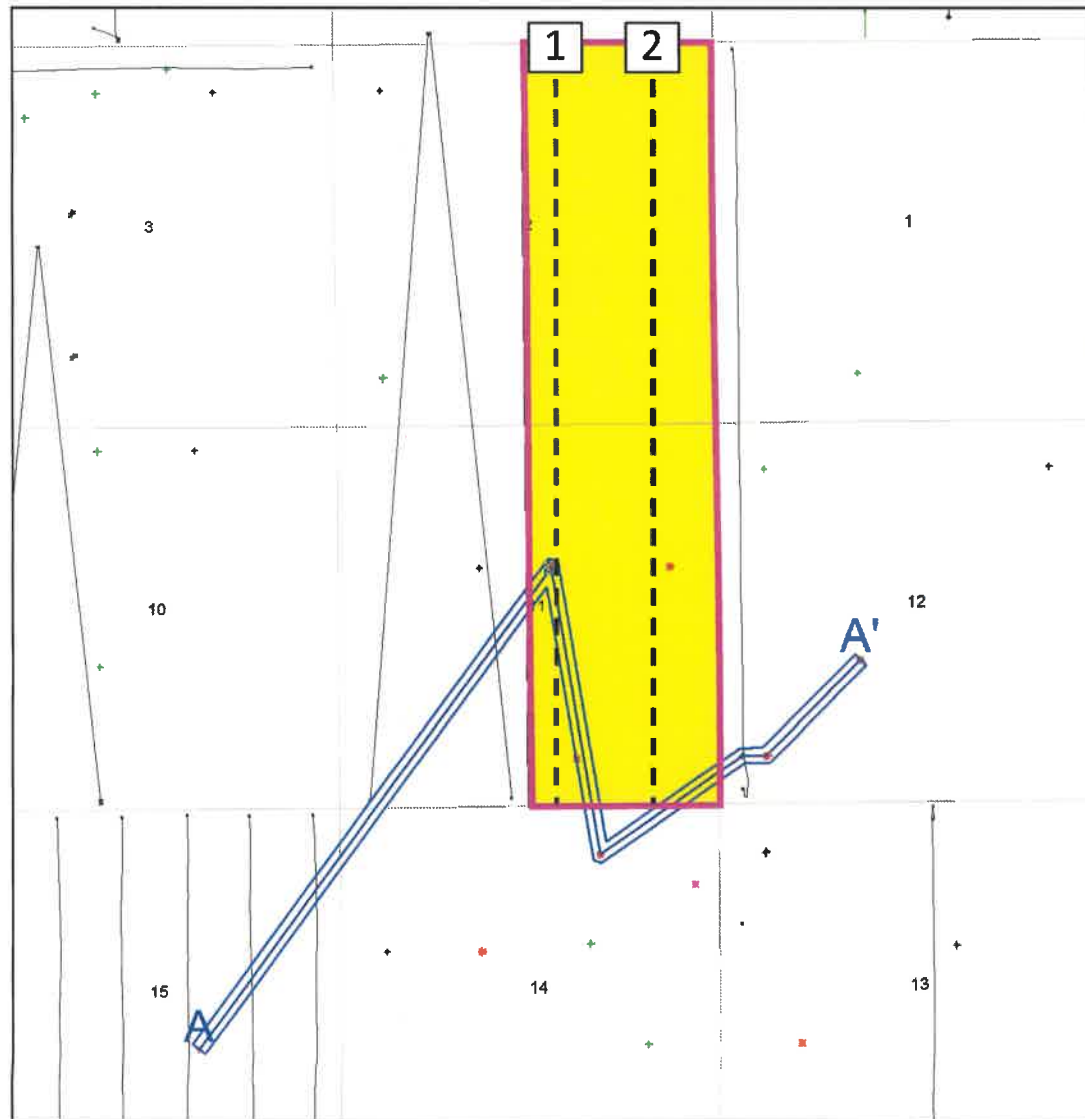
Tag State Com 504H

All wells shown

1 mile



Cross Section Reference Map



Franklin Mountain Acreage



Bone Spring Spacing Unit

Proposed Horizontal Location

1

Tag State Com 503H

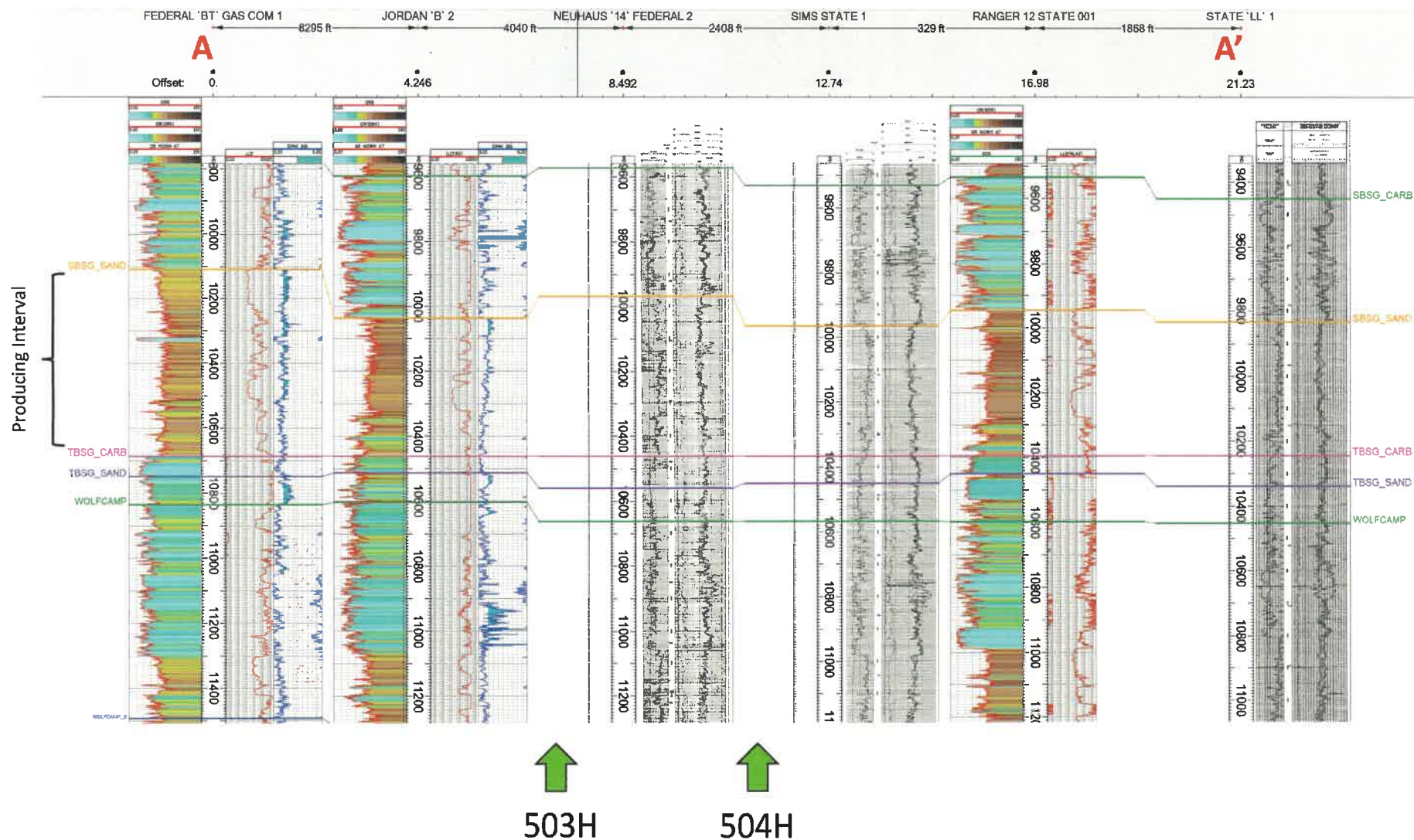
2

Tag State Com 504H

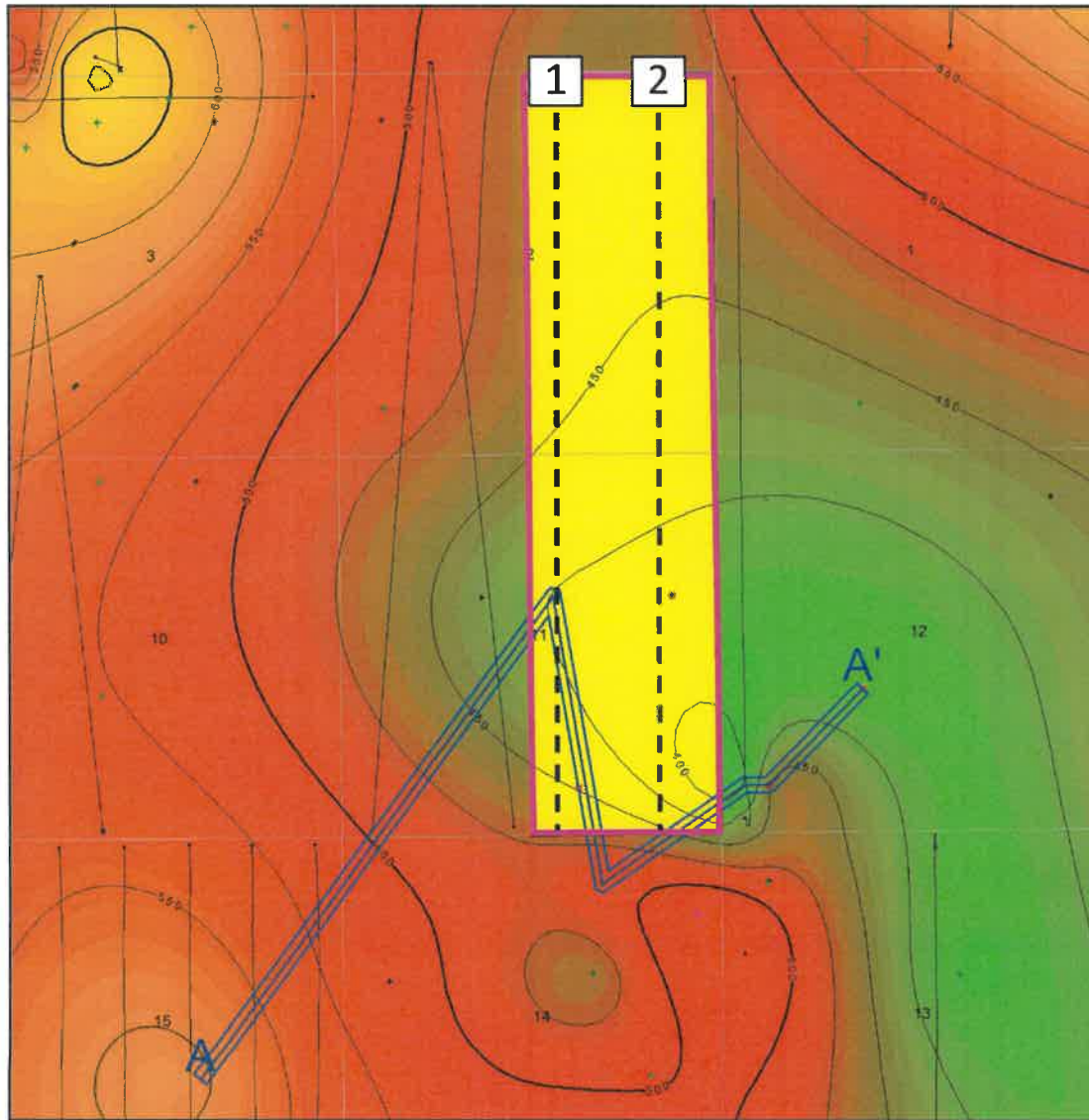
All wells shown

1 mile

Second Bone Spring Cross Section



Second Bone Spring Sand Isochore Map



Franklin Mountain Acreage



Bone Spring Spacing Unit

Proposed Horizontal Location

1

Tag State Com 503H

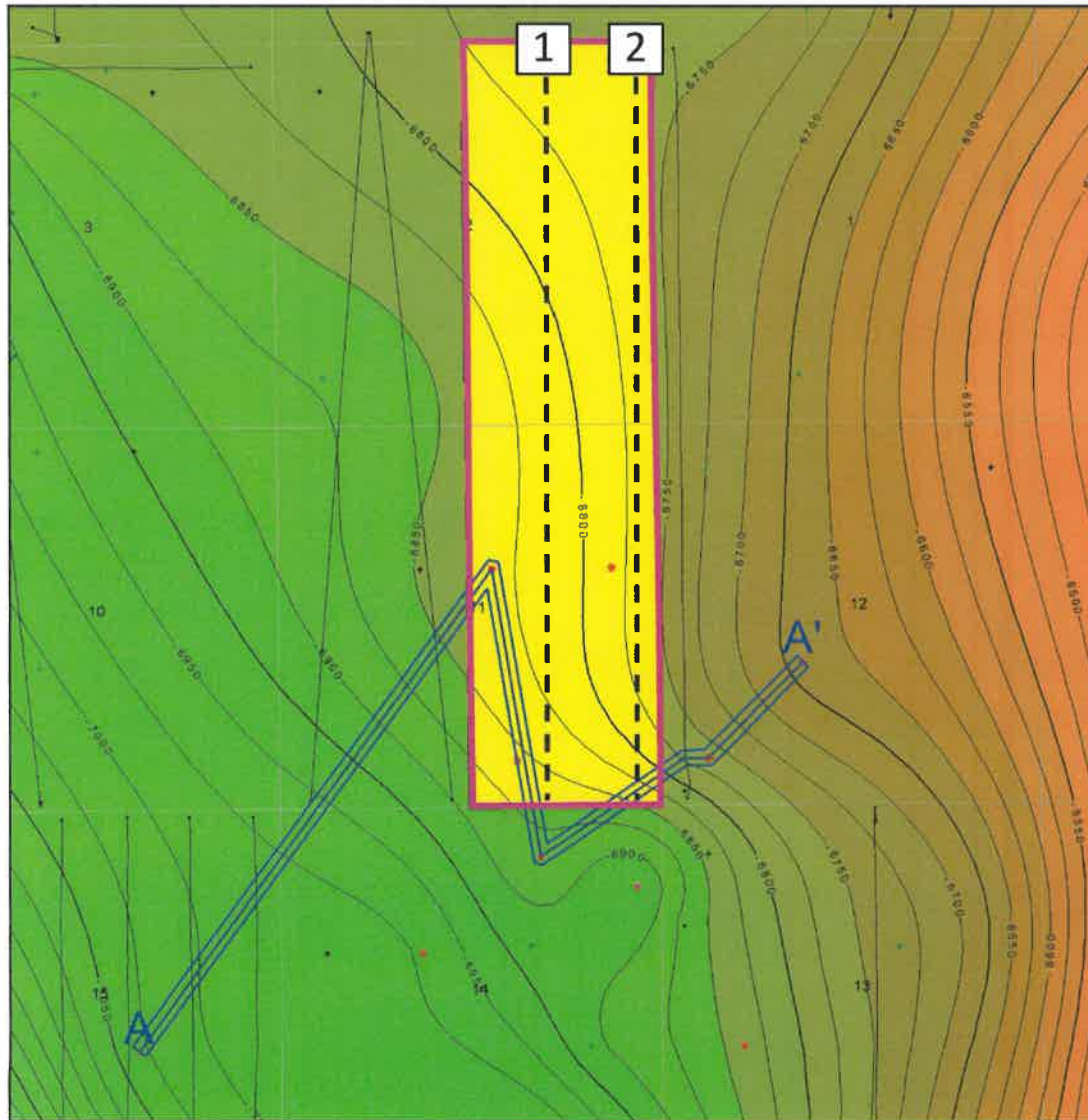
2

Tag State Com 504H

All wells shown

1 mile

Third Bone Spring Sand Structure Map



Franklin Mountain Acreage



Bone Spring Spacing Unit

Proposed Horizontal Location

1

Tag State Com 603H

2

Tag State Com 604H

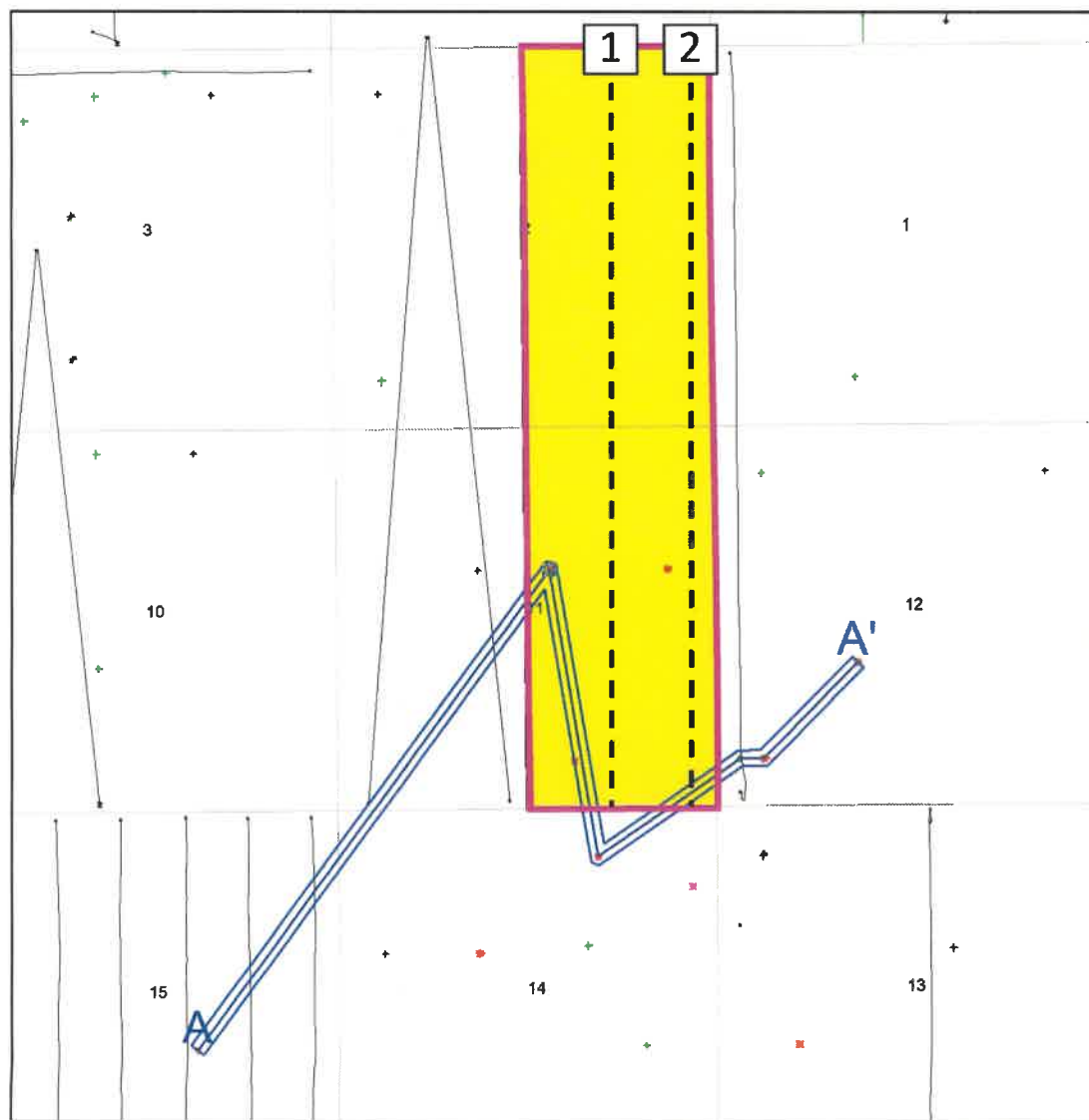
All wells shown

1 mile

Cross Section Reference Map



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Franklin Mountain Acreage



Bone Spring Spacing Unit

Proposed Horizontal Location

1

Tag State Com 603H

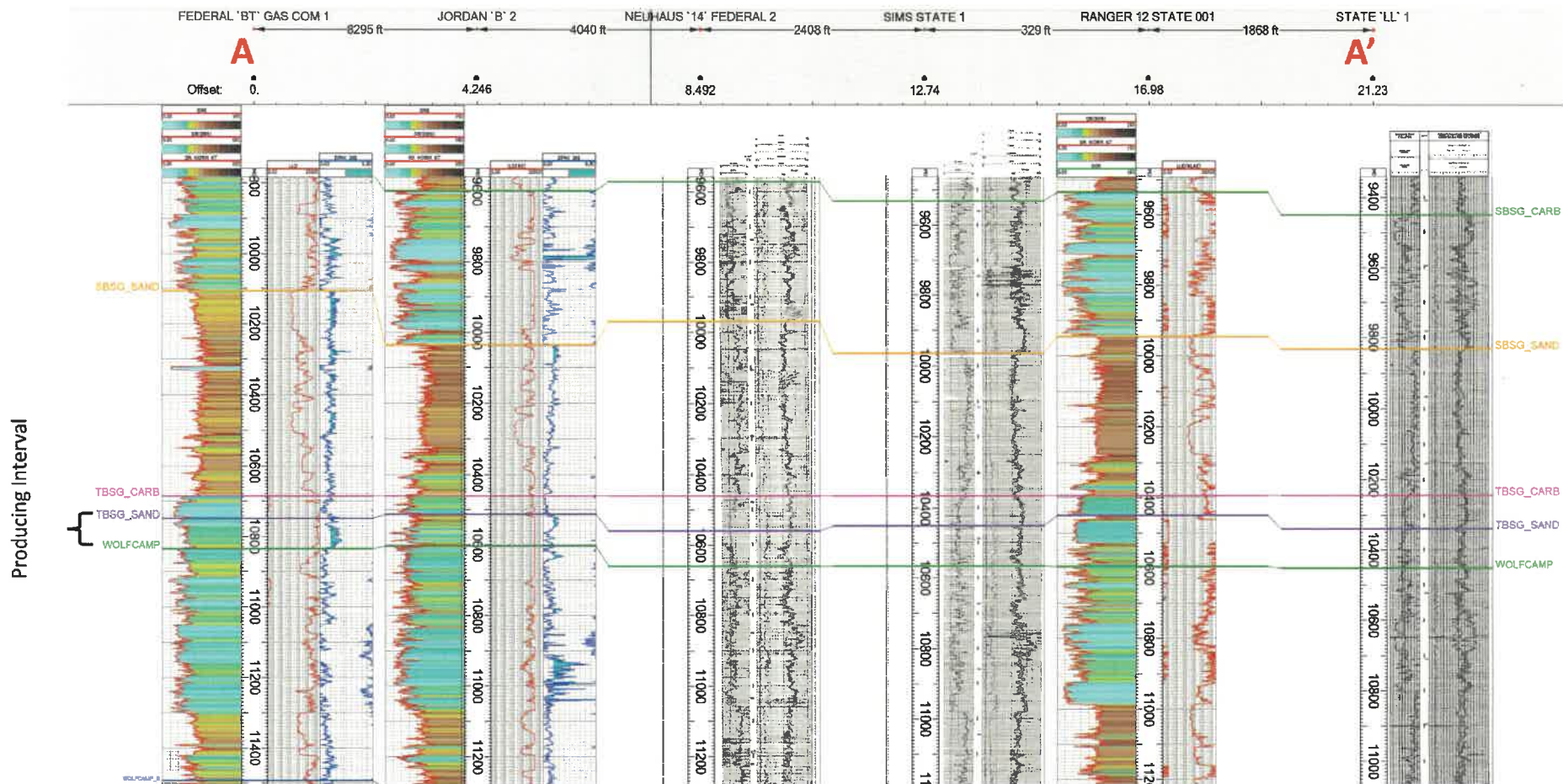
2

Tag State Com 604H

All wells shown

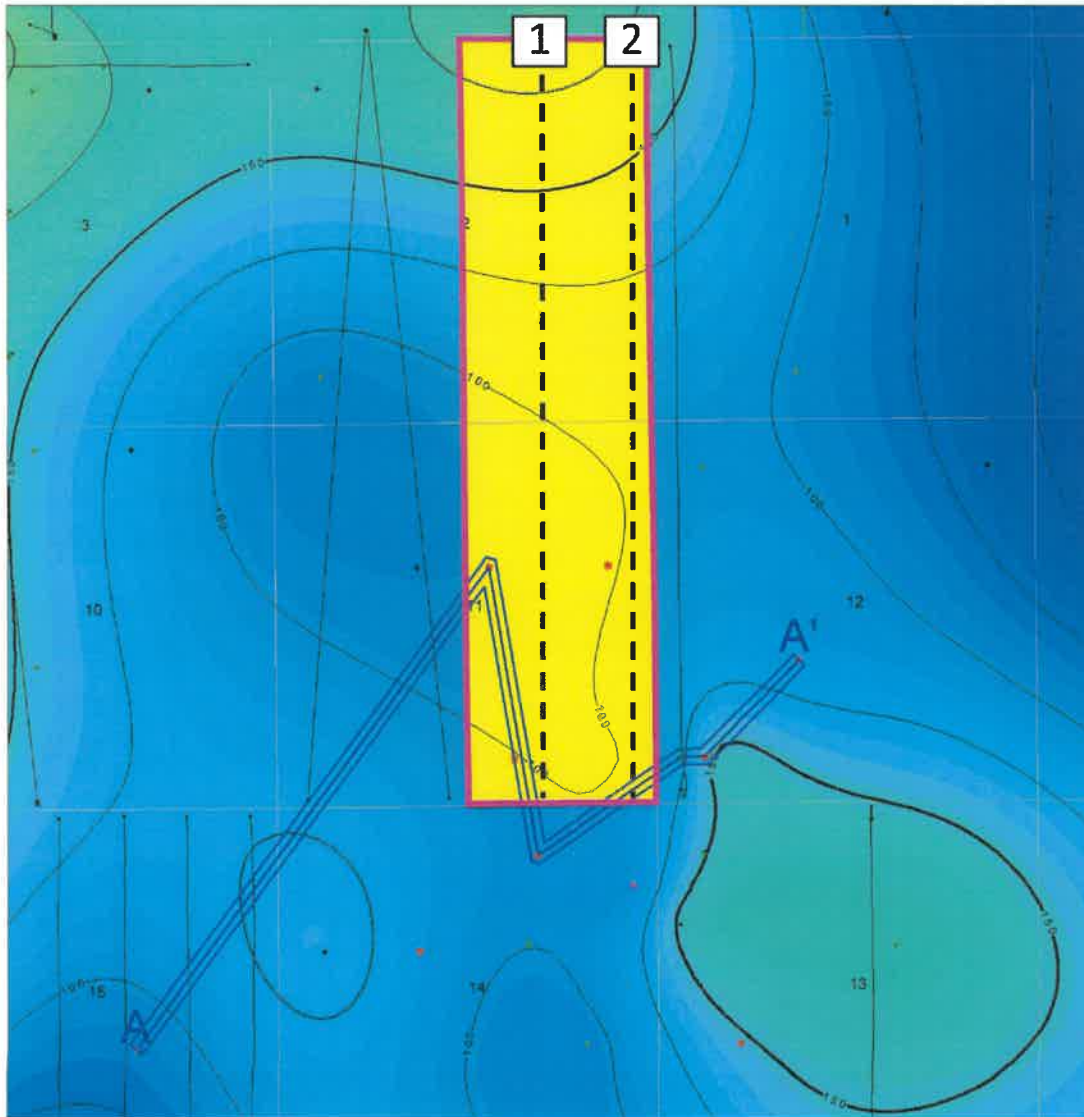
1 mile

Third Bone Spring Cross Section



603H &
604H

Third Bone Spring Sand Structure Map



Franklin Mountain
Acreage



Bone Spring
Spacing Unit

Proposed Horizontal Location

1

Tag State Com 603H

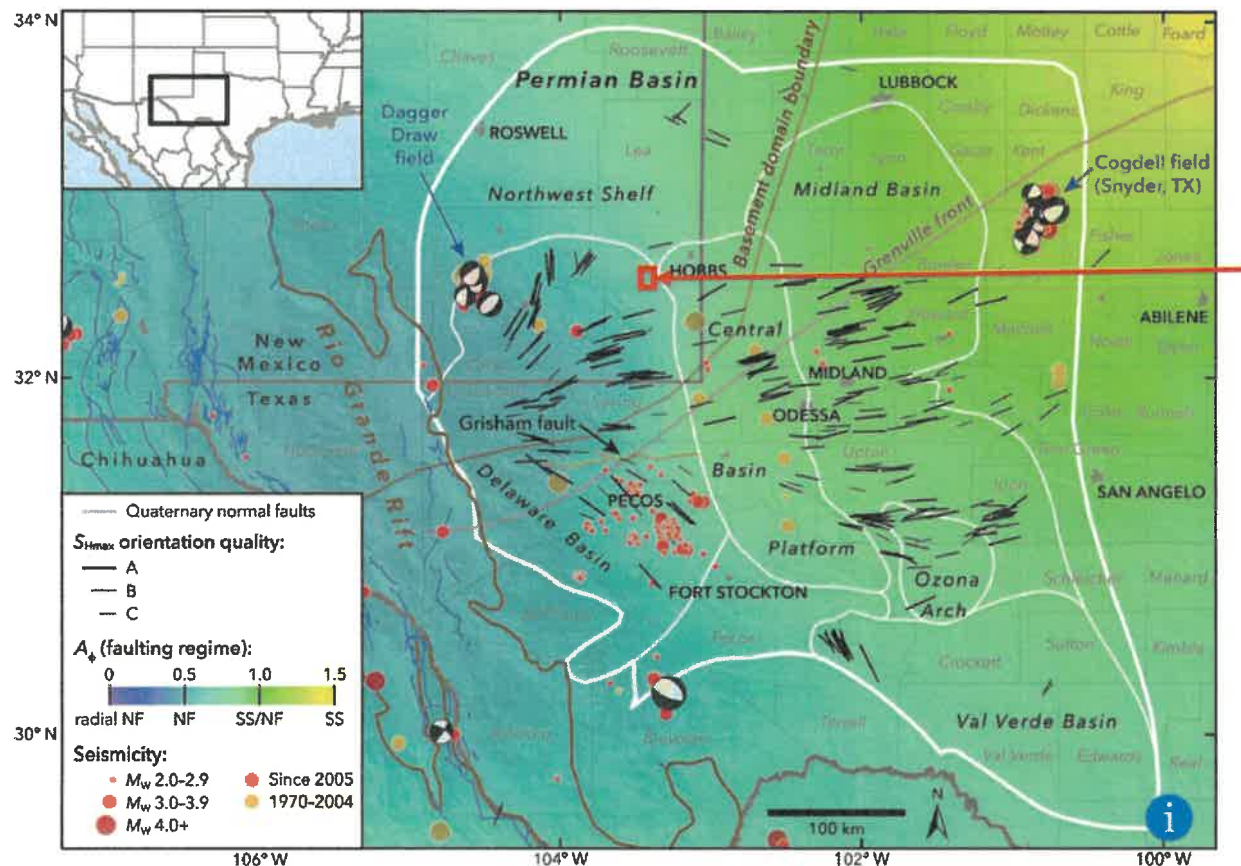
2

Tag State Com 604H

All wells shown

1 mile

Regional Stress



- Red box shows the approximate location of the Tag development
- Reported local S_{Hmax} (Snee and Zoback, 2018) direction is ENE, around 255°
- The Tag State wells are 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. 24211

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

CASE NO. 24213

SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT

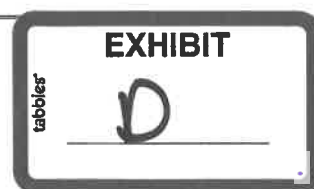
Deana M. Bennett, attorney in fact and authorized representative of Franklin Mountain Energy 3, LLC, the Applicant herein, declares as follows:

- 1) The above-referenced Applications were provided under notice letter, dated March 1, 2024, and attached hereto, as Exhibit D.1.
- 2) Exhibit D.2 is the mailing list, which show the notice letters were delivered to the USPS for mailing on March 1, 2024.
- 3) Exhibit D.3 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.4 is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the March 21, 2024 hearing was published on March 5, 2024.
- 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: March 18, 2024

Deana M. Bennett

Deana M. Bennett





MODRALL SPERLING

L A W Y E R S

March 1, 2024

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. 24211

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

CASE NO. 24213

TO: AFFECTED PARTIES

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

In Case No. 24211, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 641.27-acre, more or less, Wolfcamp horizontal spacing unit comprising of Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the **Tag State Com 703H** and **Tag State Com 803H** wells to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and the **Tag State Com 704H** and **Tag State Com 804H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11. The producing area for the wells is expected to be orthodox. The completed intervals for the Tag State Com 803H well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC. 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

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



OCD Examiner Hearing 3-21-24

No. 24213

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Page 2

the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles southwest of Hobbs, New Mexico.

In Case No. 24213, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 641.27-acre, more or less, Bone Spring horizontal spacing unit comprising of Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the **Tag State Com 302H, Tag State Com 303H, Tag State Com 503H, and Tag State Com 603H** wells to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and the **Tag State Com 304H, Tag State Com 504H, and Tag State Com 604H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11. The producing area for the wells is expected to be orthodox. The completed intervals for the Tag State Com 303H and Tag State Com 603H wells are expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC. 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 19 miles southwest of Hobbs, New Mexico.

The hearing is set for March 21, 2024 beginning at 8:15 a.m. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

As a party who may be affected by 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

Page 3

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. 24211

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 641.27-acre, more or less, Wolfcamp horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 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 spacing unit to the following wells:
 - a. The **Tag State Com 703H** and **Tag State Com 803H** wells to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and
 - b. The **Tag State Com 704H** and **Tag State Com 804H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11.
3. The producing area for the wells is expected to be orthodox.

4. The completed interval for the **Tag State Com 803H** well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

5. 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 wells or to otherwise commit their interests to the wells.

6. 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 March 7, 2024, 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 Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 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

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Attorneys for Franklin Mountain Energy 3, LLC

CASE NO. 24211: 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 641.27-acre, more or less, Wolfcamp horizontal spacing unit comprising of Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the **Tag State Com 703H** and **Tag State Com 803H** wells to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and the **Tag State Com 704H** and **Tag State Com 804H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11. The producing area for the wells is expected to be orthodox. The completed intervals for the Tag State Com 803H well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC. 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 19 miles southwest 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. 24213

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 641.27-acre, more or less, Bone Spring horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 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 spacing unit to the following wells:
 - a. The **Tag State Com 302H, Tag State Com 303H, Tag State Com 503H, and Tag State Com 603H** wells to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and
 - b. The **Tag State Com 304H, Tag State Com 504H, and Tag State Com 604H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11.

3. The producing area for the wells is expected to be orthodox.

4. The completed intervals for the **Tag State Com 303H** and **Tag State Com 603H** wells are expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

5. 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.

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

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on March 7, 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 Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 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

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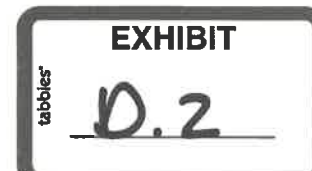
Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL
03/01/2024

Firm Mailing Book ID: 261380

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0117 9824 91	The Estate of Robert Paul Hord, deceased 4403 Edinburgh Place College Station TX 77845	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
2	9314 8699 0430 0117 9825 07	Benjamin Keith Williams and wife, Allison Claire Tull Williams 2207 Seaboard Avenue Midland TX 79705	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
3	9314 8699 0430 0117 9825 14	Charles Wilkins McLaughlin and wife, Hayley Wright McLaughlin 2300 Sinclair Midland TX 79705	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
4	9314 8699 0430 0117 9825 21	Jerry H. McCullar, III & wife, Jennifer McCuller 2204 Boyd Avenue Midland TX 79705	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
5	9314 8699 0430 0117 9825 38	Keith Williams and wife, Becky Williams 2015 Coleman Court Midland TX 79705	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
6	9314 8699 0430 0117 9825 45	Osprey Oil and Gas II, LLC 707 North Carrizo Street Midland TX 79701	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
7	9314 8699 0430 0117 9825 52	Osprey Oil and Gas III, LLC 707 North Carrizo Street Midland TX 79701	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
8	9314 8699 0430 0117 9825 69	Paul E. Casseb, III and wife, Bonnie Rae Casseb 2209 Gulf Avenue Midland TX 79705	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
9	9314 8699 0430 0117 9825 76	Roy G. Barton, Sr. and Opal Barton Rev Trust 1919 North Turner Street Hobbs NM 88240	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
10	9314 8699 0430 0117 9825 83	Roy G. Barton, Jr. 1919 North Turner Street Hobbs NM 88240	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
11	9314 8699 0430 0117 9825 90	S&S, Inc. P.O. Box 1046 Eunice NM 88231	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
12	9314 8699 0430 0117 9826 06	State of New Mexico, by and through its Commissioner of Public Lands P.O. Box 1148 Santa Fe NM 87504	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
13	9314 8699 0430 0117 9826 13	Ventura Oil & Gas, LLC 308 North Colorado, Suite 200 Midland TX 79701	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
14	9314 8699 0430 0117 9826 20	Wing Resources VII, LLC 2100 McKinney Avenue, Suite 1540 Dallas TX 75201	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice



Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
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Albuquerque NM 87102

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Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
15	9314 8699 0430 0117 9826 37	R.E.B. Resources, LLC 308 North Colorado Street, Suite 200 Midland TX 79701	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
16	9314 8699 0430 0117 9826 44	SITL Energy, LLC 308 North Colorado Street, Suite 200 Midland TX 79701	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
17	9314 8699 0430 0117 9826 51	Kastleford Land Company, LLC P.O. Box 51540 Midland TX 79710	\$1.63	\$4.40	\$2.32	\$0.00	10154.0001tag Notice
Totals:			\$27.71	\$74.80	\$39.44	\$0.00	
			Grand Total:		\$141.95		

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



Transaction Report Details - CertifiedPro.net													
Firm Mail Book ID= 261380													
Generated: 3/18/2024 8:16:40 AM													
USPS Article Number	Date Created	Reference Number	Name 1	Name 2	City	State	Zip	Postage	Fees	Firm MailBook ID	Mailing Status	Service Options	Mail Delivery Date
9314869904300117982651	2024-03-01 7:14 AM	10154.0001tag	Kastleford Land Company, LLC		Midland	TX	79710	1.63	6.72	261380	Delivered	Return Receipt - Electronic, Certified Mail	2024-03-07 12:02 PM
9314869904300117982644	2024-03-01 7:14 AM	10154.0001tag	SITL Energy, LLC		Midland	TX	79701	1.63	6.72	261380	Delivered	Return Receipt - Electronic, Certified Mail	2024-03-04 12:53 PM
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9314869904300117982613	2024-03-01 7:14 AM	10154.0001tag	Ventura Oil & Gas, LLC		Midland	TX	79701	1.63	6.72	261380	Delivered	Return Receipt - Electronic, Certified Mail	2024-03-04 12:53 PM
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9314869904300117982590	2024-03-01 7:14 AM	10154.0001tag	S&S, Inc.		Eunice	NM	88231	1.63	6.72	261380	Delivered	Return Receipt - Electronic, Certified Mail	2024-03-06 8:20 AM
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9314869904300117982569	2024-03-01 7:14 AM	10154.0001tag	Paul E. Casseb, III and wife, Bonnie Rae Casseb		Midland	TX	79705	1.63	6.72	261380	Delivered	Return Receipt - Electronic, Certified Mail	2024-03-04 3:28 PM
9314869904300117982552	2024-03-01 7:14 AM	10154.0001tag	Osprey Oil and Gas III, LLC		Midland	TX	79701	1.63	6.72	261380	Undelivered	Return Receipt - Electronic, Certified Mail	
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9314869904300117982514	2024-03-01 7:14 AM	10154.0001tag	Charles Wilkins McLaughlin and wife,	Hayley Wright McLaughlin	Midland	TX	79705	1.63	6.72	261380	Undelivered	Return Receipt - Electronic, Certified Mail	
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9314869904300117982491	2024-03-01 7:14 AM	10154.0001tag	The Estate of Robert Paul Hord, deceased		College Sta	TX	77845	1.63	6.72	261380	Delivered	Return Receipt - Electronic, Certified Mail	2024-03-05 4:08 PM



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
March 05, 2024
and ending with the issue dated
March 05, 2024.


Publisher

Sworn and subscribed to before me this
5th day of March 2024.


Business Manager

My commission expires
January 29, 2027
(Seal)

STATE OF NEW MEXICO
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.

LEGAL NOTICE March 5, 2024

CASE NO. 24211: Notice to all affected parties, as well as heirs and devisees of: The Estate of Robert Paul Hord, deceased; Benjamin Keith Williams and wife, Allison Claire Tull Williams; Charles Wilkins McLaughlin and wife, Hayley Wright McLaughlin; Jerry H. McCullar, III and wife, Jennifer G. McCullar; Keith Williams and wife, Becky Williams; Osprey Oil and Gas II, LLC; Osprey Oil and Gas III, LLC; Paul E. Casseb, III and wife, Bonnie Rae Casseb; Roy G. Barton, Sr. and Opal Barton Rev Trust; Roy G. Barton, Jr.; S&S Inc.; State of New Mexico, by and through its Commissioner of Public Lands; Ventura Oil & Gas, LLC; Wing Resources VII, LLC; R.E.B. Resources, LLC; SITL Energy, LLC; Kestleford Land Company, 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 March 21, 2024 to consider this application. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 641.27-acre, more or less, Wolfcamp horizontal spacing unit comprising of Lots 1 and 2, S/2 NE/4 and the SE/4 of Irregular Section 2 (E/2 equivalent), and the E/2 of Section 11, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the Tag State Com 703H and Tag State Com 803H wells to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 11; and the Tag State Com 704H and Tag State Com 804H wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 2 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 11. The producing area for the wells is expected to be orthodox. The completed intervals for the Tag State Com 803H well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.18.15(B)(1)(b) NMAC. 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 19 miles southwest of Hobbs, New Mexico.

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#00288109

P. O. BOX 2168
ALBUQUERQUE, NM 87103-2168

EXHIBIT

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