



Before the Oil Conservation Division  
Examiner Hearing May 16<sup>th</sup>, 2024

Compulsory Pooling

**Case No. 24466: Eagle State 502H**

**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  
COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 24466**

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**COMPULSORY POOLING APPLICATION CHECKLIST****ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

|  |   |
|--|---|
| <b>Case: 24466</b>   | <b>APPLICANT'S RESPONSE</b>   |
| <b>Date</b>  | <b>May 16, 2024</b>   |
| 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  | Eagle State Com   |
| <b>Formation/Pool</b>  |   |
| Formation Name(s) or Vertical Extent:  | Bone Spring   |
| Primary Product (Oil or Gas):  | Oil   |
| Pooling this vertical extent:  | Bone Spring   |
| Pool Name and Pool Code:   | Scharb; Bone Spring Pool, (Code 55610)  |
| Well Location Setback Rules:   | State-Wide Rules Apply  |
| <b>Spacing Unit</b>  |   |
| Type (Horizontal/Vertical)   | Horizontal  |
| Size (Acres)   | 279.64-acres  |
| Building Blocks:   | 80-Acres (Note: OCD pool code spreadsheet stats that the Scharb; Bone Spring Pool has 80-acre building blocks, which is likely superceded by statewide rules. In any event, even with the 80-acre building blocks, the unit is standard.)   |
| Orientation:   | North/South   |
| Description: TRS/County  | Lot 3, SE/4 NW/4, and E/2 SW/4 of irregular Section 3 (E/2 W/2 equivalent), and the E/2 NW/4 and NE/4 SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.   |
| Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>            | Yes.  |
| <b>Other Situations</b>  |   |
| Depth Severance: Y/N. If yes, description  | N/A   |
| Proximity Tracts: If yes, description  | N/A   |
| Proximity Defining Well: if yes, description   | N/A   |
| Applicant's Ownership in Each Tract  | See Exhibit B.3   |
| <b>Well(s)</b>   |   |
| Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard) | Add wells as needed   |
| Well #1: Eagle State Com 502H  | <div style="border: 2px solid black; padding: 5px; display: inline-block; text-align: center;"> <b>EXHIBIT</b><br/> <b>A</b> </div> API No. Pending<br>SHL: 400' FNL & 1945' FWL, (Lot 3), Section 3, T19S, R35E<br>BHL: 1428' FSL & 2200' FWL, (Unit K) Section 10, T19S, R35E<br>Completion Target: Second Bone Spring (Approx. 9,518' TVD)<br>Orientation: North/South |
| Horizontal Well First and Last Take Points   | See Exhibit B.2   |



|  |                            |
|--|----------------------------|
| Completion Target (Formation, TVD and MD)  | See Exhibit B.6            |
| <b>AFE Capex and Operating Costs</b>   |                            |
| Drilling Supervision/Month \$  | \$9,000.00                 |
| Production Supervision/Month \$  | \$900.00                   |
| Justification for Supervision Costs  | See Exhibit B Paragraph 24 |
| Requested Risk Charge  | 200%                       |
| <b>Notice of Hearing</b>   |                            |
| Proposed Notice of Hearing   | Exhibit D.1                |
| Proof of Mailed Notice of Hearing (20 days before hearing)   | Exhibit D.2 and D.3        |
| Proof of Published Notice of Hearing (10 days before hearing)  | Exhibit D.4                |
| <b>Ownership Determination</b>   |                            |
| Land Ownership Schematic of the Spacing Unit   | Exhibit B.3                |
| Tract List (including lease numbers and owners)  | Exhibit B.3                |
| If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements. | N/A                        |
| Pooled Parties (including ownership type)  | Exhibit B.5                |
| Unlocatable Parties to be Pooled   | N/A                        |
| Ownership Depth Severance (including percentage above & below)   | N/A                        |
| <b>Joinder</b>   |                            |
| 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                |
| <b>Geology</b>   |                            |
| 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.7                |
| Target Formation   | Exhibit C.3 to C.6         |
| HSU Cross Section  | Exhibit C.4                |
| Depth Severance Discussion   | N/A                        |
| <b>Forms, Figures and Tables</b>   |                            |
| 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                |



|  |                      |
|--|----------------------|
| Cross Section Location Map (including wells)   | Exhibit C.4          |
| Cross Section (including Landing Zone)   | Exhibit C.5          |
| <b>Additional Information</b>  |                      |
| Special Provisions/Stipulations  | N/A                  |
| <b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b> |                      |
| <b>Printed Name</b> (Attorney or Party Representative):  | Deana M. Bennett     |
| <b>Signed Name</b> (Attorney or Party Representative):   | /s/ Deana M. Bennett |
| <b>Date:</b>   | 5/13/2024            |

**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. 24466**

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 well to be drilled in the unit.





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

8. In this case, Franklin seeks an order from the Division pooling all uncommitted mineral interests within a 279.64-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 3, SE/4 NW/4, and E/2 SW/4 of irregular Section 3 (E/2 W/2 equivalent), and the E/2 NW/4 and NE/4 SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

9. This spacing unit will be dedicated to the Eagle State Com 502H well to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Lot 3) of Section 3 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 10.

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

11. The C-102 identifies the proposed surface hole location and the bottom hole location, and the first take point. The C-102 also identifies the pool and pool code.

12. The well will develop the Scharb; Bone Spring Pool, (Code 55610).

13. The Scharb; Bone Spring Pool is an oil pool with 80-acre building blocks.

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

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

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

17. **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.

18. I have conducted a diligent search of the public records in the county where the well is located, and conducted phone directory and computer searches to locate contact information

for parties entitled to notification, and mailed the working interest owners well proposals, including the Authorizations for Expenditure.

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

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

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

22. **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 well.

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

24. Franklin requests overhead and administrative rates of \$9,000 month for drilling the well and \$900 month for the producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. Franklin requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

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

26. Franklin requests that it be designated operator of the well.

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

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



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

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

*[Signature page follows]*

Dated: May 8, 2024

  
\_\_\_\_\_  
Don Johnson

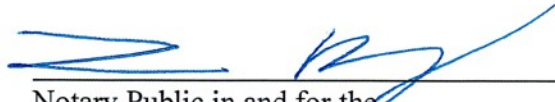
State of Colorado

County of Denver

This record was acknowledged before me on May 8<sup>th</sup>, 2024, by Don Johnson.

[Stamp]



  
\_\_\_\_\_  
Notary Public in and for the  
State of 20204018559 Colorado  
Commission Number: \_\_\_\_\_

My Commission Expires: 5/27/24



**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. 24466**

**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 279.64-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 3, SE/4 NW/4, and E/2 SW/4 of irregular Section 3 (E/2 W/2 equivalent), and the E/2 NW/4 and NE/4 SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Franklin seeks to dedicate the spacing unit to the **Eagle State Com 502H** well to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Lot 3) of Section 3 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 10.
3. The producing area for the well is expected to be orthodox.
4. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.
5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.



WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on May 2, 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 Lot 3, SE/4 NW/4, and E/2 SW/4 of irregular Section 3 (E/2 W/2 equivalent), and the E/2 NW/4 and NE/4 SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

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

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

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

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

Respectfully submitted,

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

By: /s/ Deana M. Bennett

Earl E. DeBrine, Jr.

Deana M. Bennett

Yarithza Peña

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

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[deana.bennett@modrall.com](mailto:deana.bennett@modrall.com)

[yarithza.pena@modrall.com](mailto:yarithza.pena@modrall.com)

Attorneys for Franklin Mountain Energy 3, LLC

**CASE NO. 24466 : 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 279.64-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 3, SE/4 NW/4, and E/2 SW/4 of irregular Section 3 (E/2 W/2 equivalent), and the E/2 NW/4 and NE/4 SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: **Eagle State Com 502H** well, to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Lot 3) of Section 3 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 10. The producing area for the well is expected to be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles west of Hobbs, New Mexico.



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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                  |   |  |
|----------------------------------|---|--|
| <sup>1</sup> API Number          | <sup>2</sup> Pool Code<br>55610                               | <sup>3</sup> Pool Name<br>SCHARB;BONE SPRING |
| <sup>4</sup> Property Code       | <sup>5</sup> Property Name<br>EAGLE STATE COM                 | <sup>6</sup> Well Number<br>502H             |
| <sup>7</sup> OGRID No.<br>331595 | <sup>8</sup> Operator Name<br>FRANKLIN MOUNTAIN ENERGY 3, LLC | <sup>9</sup> Elevation<br>3848.1'            |

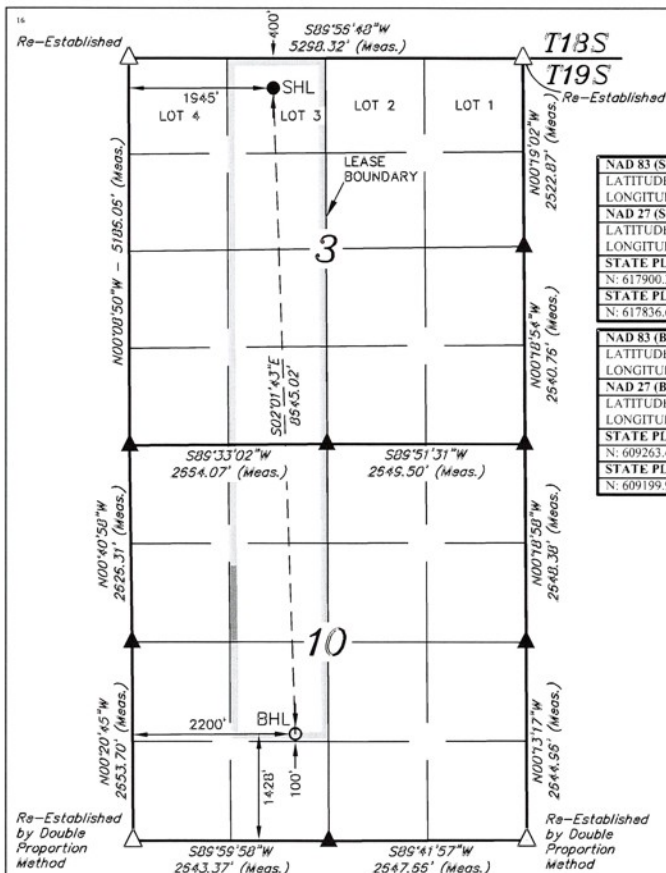
<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 3             | 3       | 19S      | 35E   |         | 400           | NORTH            | 1945          | WEST           | LEA    |

<sup>11</sup> 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 |
|---|-------------------------------|----------------------------------|-------------------------|---------|---------------|------------------|---------------|----------------|--------|
| K                                       | 10                            | 19S                              | 35E                     |         | 1428          | SOUTH            | 2200          | WEST           | LEA    |
| <sup>12</sup> Dedicated Acres<br>279.64 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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.



|   |
|---|
| <b>NAD 83 (SURFACE HOLE LOCATION)</b>   |
| LATITUDE = 32°41'43.88" (32.695522°)    |
| LONGITUDE = 103°26'50.91" (103.447474°) |
| <b>NAD 27 (SURFACE HOLE LOCATION)</b>   |
| LATITUDE = 32°41'43.44" (32.695399°)    |
| LONGITUDE = 103°26'49.14" (103.446983°) |
| <b>STATE PLANE NAD 83 (N.M. EAST)</b>   |
| N: 617900.32' E: 813854.65'             |
| <b>STATE PLANE NAD 27 (N.M. EAST)</b>   |
| N: 617836.60' E: 772674.57'             |
| <b>NAD 83 (BOTTOM HOLE LOCATION)</b>    |
| LATITUDE = 32°40'18.40" (32.671777°)    |
| LONGITUDE = 103°26'47.74" (103.446595°) |
| <b>NAD 27 (BOTTOM HOLE LOCATION)</b>    |
| LATITUDE = 32°40'17.95" (32.671654°)    |
| LONGITUDE = 103°26'45.98" (103.446105°) |
| <b>STATE PLANE NAD 83 (N.M. EAST)</b>   |
| N: 609263.46' E: 814197.26'             |
| <b>STATE PLANE NAD 27 (N.M. EAST)</b>   |
| N: 609199.97' E: 773016.91'             |

<sup>17</sup> 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: 4/14/2023

**Rachael Overbey**

Printed Name

roverbey@fmelle.com

E-mail Address

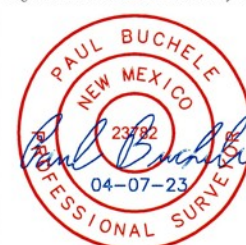
<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

January 17, 2023

Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number:

NOTE:

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

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



SCALE

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

REV: 2 04-07-23 N.D.T.

(BHL MOVE)

EXHIBIT

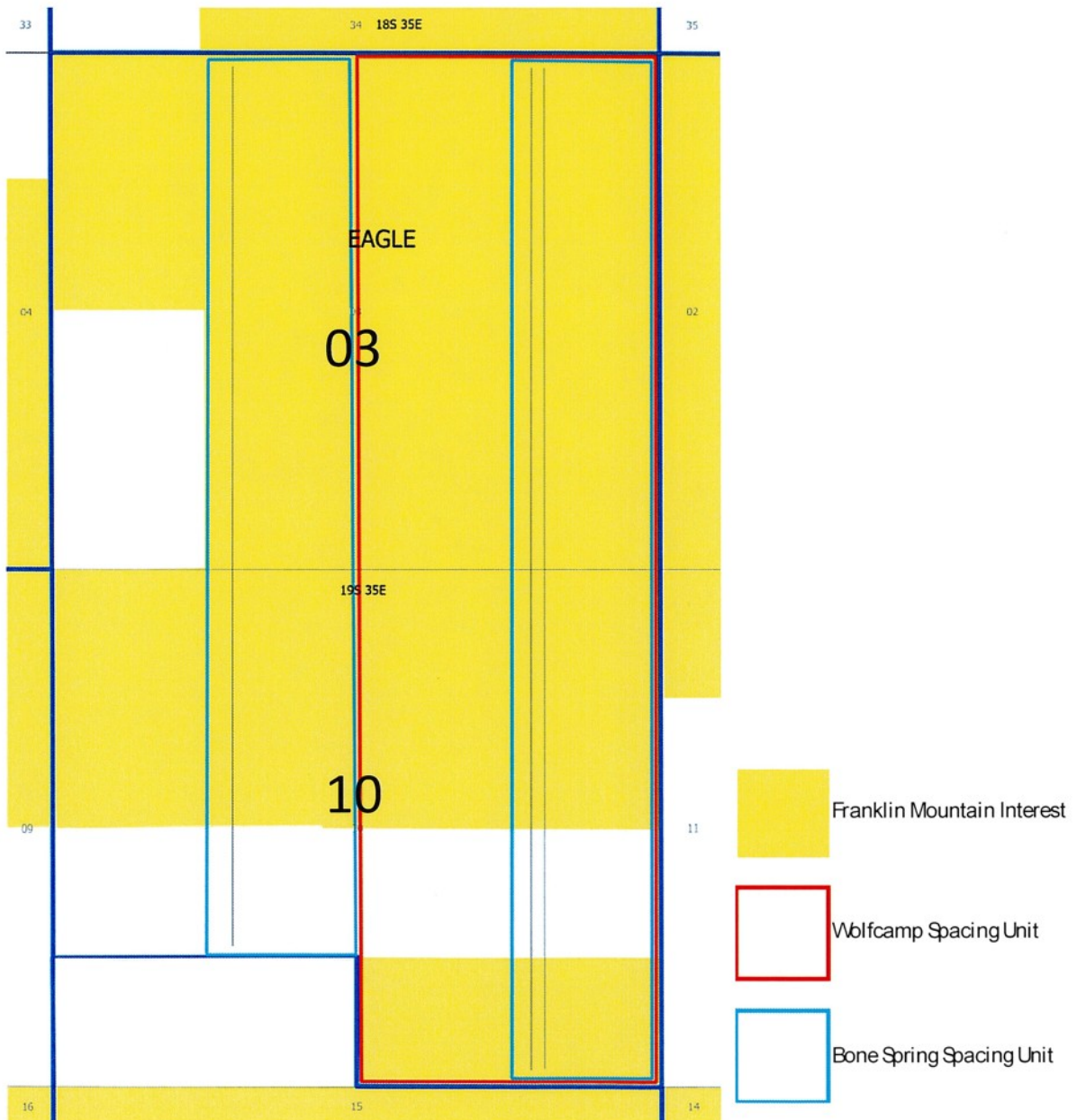
B.2

OCD Examiner Hearing

No. 24166

## Development Overview

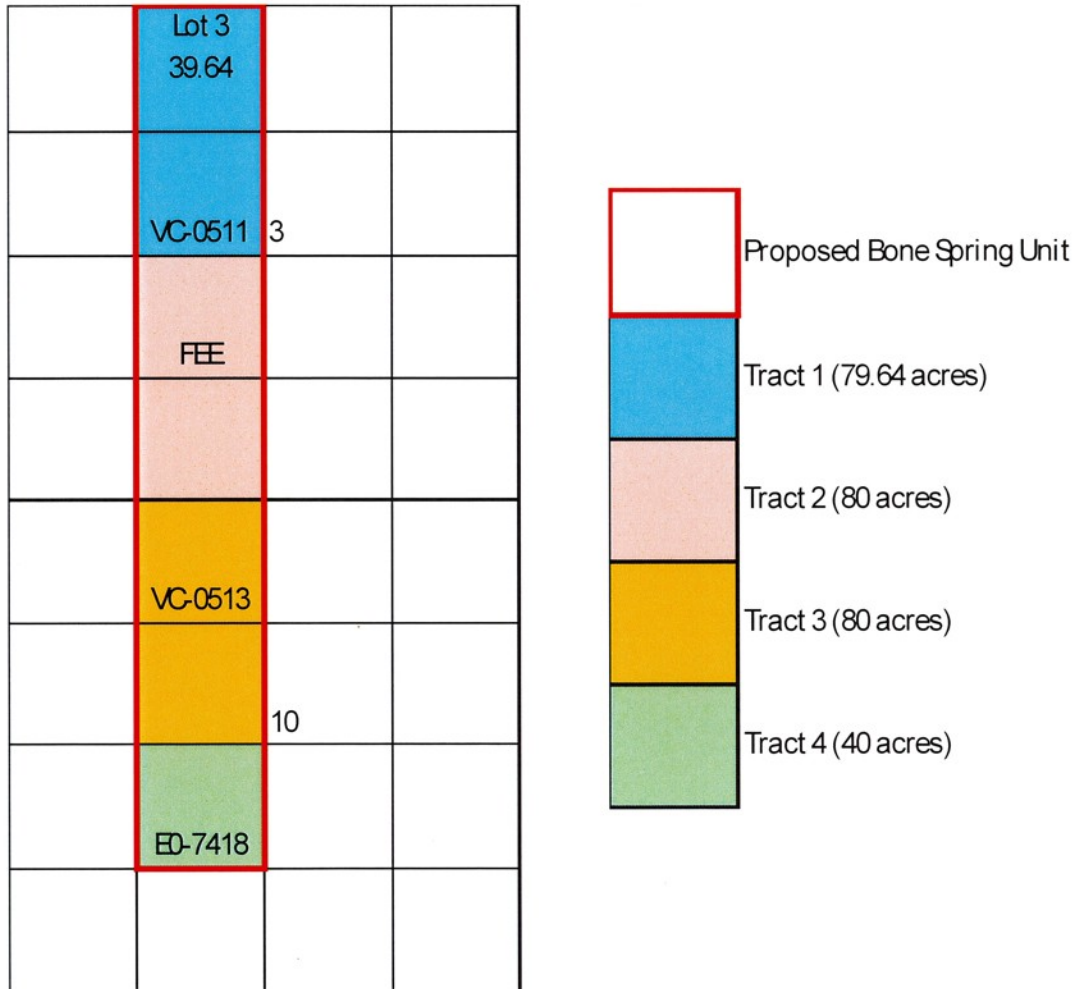
Case Nos. 24466



1 mile



**Lease Tract Map**  
**Case No. 24466**  
**E/2W/2 of Section 3 & E2NW, NESW of Section 10-T19S-R35E**  
**279.64 Acres**  
**Eagle State Com 502H**



**Summary of Interests**  
**Case No. 24466**  
**E/2W/2 of Section 3 & E2NW, NESW of Section 10-T19S-R35E**  
**279.64 Acres**  
**Eagle State Com 502H**

| Committed Working Interest      |             |
|---------------------------------|-------------|
| Franklin Mountain Energy 3, LLC | 78.543842%  |
|                                 |             |
| Uncommitted Working Interest    |             |
| Chevron U.S.A., Inc.            | 14.304105%  |
| Marshall & Winston              | 7.152053%   |
| Total:                          | 100.000000% |





**Unit Recapitulation**  
**Case No. 24466**  
**E/2W/2 of Section 3 & E2NW, NESW of Section 10-T19S-R35E**  
**279.64 Acres**  
**Eagle State Com 502H**

|  |                |    |  |
|--|----------------|----|--|
|  | Lot 3<br>39.64 |    |  |
|  | VC-0511 3      |    |  |
|  | FEE            |    |  |
|  |                |    |  |
|  | VC-0513        |    |  |
|  |                | 10 |  |
|  | EO-7418        |    |  |
|  |                |    |  |

| Tract | Lease   |
|-------|---------|
| 1     | VB-1583 |
| 2     | FEE     |
| 3     | VC-0713 |
| 4     | EO-7418 |

| Committed Working Interest      |             |
|---------------------------------|-------------|
| Franklin Mountain Energy 3, LLC | 78.543842%  |
|                                 |             |
| Uncommitted Working Interest    |             |
| Chevron U.S.A., Inc.            | 14.304105%  |
| Marshall & Winston              | 7.152053%   |
| Total:                          | 100.000000% |



## Summary of Contacts (W/2E/2: Case Nos. 24466)

- Franklin retained a broker who conducted extensive title work to determine the working interest owners and other interest owners.
- Franklin searched public records, phone directory, and various different types of internet searches.
- Franklin sent well proposal letters to the working interest owners on or around February 20, 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 owners, which I have outlined in the chart below.
- Franklin filed the application to force pool unleased mineral 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  |
|--------------------------|----------------|---------------------------|--------------------------|--|
| Marshall & Winston, Inc. | WI             | 2/20/2024                 | 2/24/2024                | Elected to Participate   |
| Chevron U.S.A. Inc.      | WI             | 2/20/2024                 | 2/23/2024                | Email and Phone call with Scott Sabrsula about potential acquisition of their acreage. Evaluating proposal |



| Name                             | Street                  | City    | State | Zip   | Ownership Type |
|----------------------------------|-------------------------|---------|-------|-------|----------------|
| Marshall & Winston, Inc.         | P.O. Box 50880          | Midland | TX    | 79710 | WI             |
| Chevron U.S.A. Inc.              | 1400 Smith Street       | Houston | TX    | 77002 | WI             |
| PJ Guy Family Trust dtd 12.14.96 | 2302 SIERRA VISTA DRIVE | ARTESIA | NM    | 88210 | ORRI           |
| JT Jackson and Associates        | 2302 SIERRA VISTA DRIVE | ARTESIA | NM    | 88210 | ORRI           |
| William J. McCaw                 | PO BOX 378              | ARTESIA | NM    | 88211 | ORRI           |





Sent via USPS: 9405536105536323988975

February 20, 2024

Marshall & Winston, Inc.  
P.O. Box 50880  
Midland, TX 79710  
Attn: Land Dept, Permian Basin

RE: **Well Proposals**  
Township 19 South, Range 35 East  
Section 3: Lot 3, SENW, E2SW  
Section 10: E2NW, NESW  
Bone Spring Formation  
Lea County, New Mexico  
279.64 acres, more or less

Dear Working Interest Owner:

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

| Well Name            | Target Formation | Total Vertical Depth | Measured Depth | SHL                                       | BHL   | Total AFE       | Order |
|----------------------|------------------|----------------------|----------------|---|---|-----------------|-------|
| Eagle State Com 302H | 1BS              | 9,123'               | 19,123'        | Sec 3-T19S-R35E<br>400 FNL<br>745<br>FWL  | Sec 10-T19S-R35E<br>1427 FSL<br>1380<br>FWL | \$11,183,950.44 | N/A   |
| Eagle State Com 502H | 2BS              | 9,518'               | 19,518'        | Sec 3-T19S-R35E<br>400 FNL<br>1945<br>FWL | Sec 10-T19S-R35E<br>1428 FSL<br>2200<br>FWL | \$11,183,950.44 | N/A   |
| Eagle State Com 602H | 3BS              | 10,069'              | 20,069'        | Sec 3-T19S-R35E<br>400 FNL<br>1895<br>FWL | Sec 10-T19S-R35E<br>1427 FSL<br>1620<br>FWL | \$11,797,546.84 | N/A   |

EXHIBIT

tabbies

B.6





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@fmellc.com](mailto:jrutledge@fmellc.com) or to the address provided below at your earliest convenience.

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

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

Respectfully,

Franklin Mountain Energy 3, LLC

Jon Rutledge  
Landman



**Eagle State Com 302H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Eagle State Com 302H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Eagle State Com 302H** well.

**Eagle State Com 502H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Eagle State Com 502H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Eagle State Com 502H** well.

**Eagle State Com 602H:**

\_\_\_\_\_ I/We hereby elect to participate in the **Eagle State Com 602H** well.  
\_\_\_\_\_ I/We hereby elect **NOT** to participate in the **Eagle State Com 602H** well.

Owner: Marshall & Winston, Inc.

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**FRANKLIN MOUNTAIN  
ENERGY**

**AUTHORITY FOR EXPENDITURE**

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

Well Name: Eagle State Com 502H  
Location: SHL: Sec 3-T19S-R3SE 400 FNL 1945 FWL  
BHL: Sec 10-T19S-R3SE 1428 FSL 2200 FWL  
Operator: Franklin Mountain Energy 3, LLC  
Purpose: Drill and complete a 10,000' 2BS well.  
TVD 9,518', MD 19,518'.

Well #: 502H  
County/State: Lea Co., NM  
Date Prepared: 2/6/2024  
AFE #: DCE230115

| Intangible Drilling Costs |       |   |                    | Intangible Completion Costs |       |   |                    |
|---------------------------|-------|---|--------------------|-----------------------------|-------|---|--------------------|
| Major                     | Minor | Description                             | Amount             | Major                       | Minor | Description                               | Amount             |
| 225                       | 5     | ADMINISTRATIVE OVERHEAD                 | \$4,000            | 240                         | 5     | ADMINISTRATIVE OVERHEAD                   | \$10,300           |
| 225                       | 10    | CASING CREW & EQPT                      | \$80,000           | 240                         | 10    | CASED HOLE LOGS & SURVEYS                 | \$7,500            |
| 225                       | 15    | CEMENTING INTERMEDIATE CASING           | \$50,000           | 240                         | 15    | CASING CREW & EQPT                        | \$0                |
| 225                       | 16    | CEMENTING PRODUCTION CASING             | \$150,000          | 240                         | 20    | COILED TUBING/SNUBBING UNIT               | \$276,500          |
| 225                       | 20    | CEMENTING SURFACE CASING                | \$50,000           | 240                         | 25    | COMMUNICATIONS                            | \$2,500            |
| 225                       | 25    | COMMUNICATIONS                          | \$40,000           | 240                         | 30    | COMPANY DIRECT LABOR                      | \$0                |
| 225                       | 30    | COMPLETION FLUIDS                       | \$6,000            | 240                         | 35    | COMPLETION/WORKOVER RIG                   | \$32,500           |
| 225                       | 34    | CONSTRUCTION/LOCATION & ROAD            | \$45,000           | 240                         | 45    | CONTRACT LABOR/ROUSTABOUTS                | \$25,000           |
| 225                       | 40    | CONTRACT LABOR                          | \$50,000           | 240                         | 50    | DAMAGES/RECLAMATION                       | \$500              |
| 225                       | 45    | DAMAGES                                 | \$15,000           | 240                         | 55    | DISPOSAL SOLIDS                           | \$10,000           |
| 225                       | 50    | DAYWORK CONTRACT                        | \$653,000          | 240                         | 60    | ELECTRICAL POWER/GENERATION               | \$0                |
| 225                       | 55    | DRILLING - DIRECTIONAL                  | \$300,000          | 240                         | 62    | ENGINEERING                               | \$3,600            |
| 225                       | 60    | DRILLING - FOOTAGE                      | \$120,000          | 240                         | 65    | ENVIRONMENTAL/CLEANUP                     | \$0                |
| 225                       | 65    | DRILLING BITS                           | \$140,000          | 240                         | 70    | FISHING TOOLS / SERVICES                  | \$0                |
| 225                       | 70    | ELECTRICAL POWER/GENERATION             | \$0                | 240                         | 71    | FLUIDS/HAULING/DISPOSAL                   | \$110,000          |
| 225                       | 75    | ENGINEERING                             | \$20,000           | 240                         | 72    | FRAC WATER/COMPLETION FLUID               | \$544,000          |
| 225                       | 80    | ENVIRONMENTAL SERVICES                  | \$250,000          | 240                         | 75    | FUEL, POWER/DIESEL                        | \$495,500          |
| 225                       | 84    | EQUIPMENT RENTAL DOWNHOLE               | \$60,000           | 240                         | 80    | HEALTH & SAFETY                           | \$6,100            |
| 225                       | 85    | EQUIPMENT RENTAL                        | \$50,000           | 240                         | 85    | HOUSING AND SUPPORT SERVICES              | \$9,500            |
| 225                       | 90    | FISHING TOOLS/SERVICES                  | \$0                | 240                         | 90    | MATERIALS & SUPPLIES                      | \$500              |
| 225                       | 95    | HEALTH & SAFETY                         | \$7,000            | 240                         | 95    | MISCELLANEOUS                             | \$0                |
| 225                       | 100   | HOUSING AND SUPPORT SERVICES            | \$45,000           | 240                         | 100   | MUD & CHEMICALS                           | \$1,400            |
| 225                       | 105   | INSURANCE                               | \$1,700            | 240                         | 110   | P&A/TA COSTS                              | \$0                |
| 225                       | 106   | INSPECTIONS                             | \$15,000           | 240                         | 115   | PERFORATING/WIRELINE SERVICE              | \$262,000          |
| 225                       | 110   | LEGAL, TITLE SERVICES                   | \$6,000            | 240                         | 120   | PIPE INSPECTION                           | \$0                |
| 225                       | 115   | MATERIALS & SUPPLIES                    | \$5,000            | 240                         | 125   | ROAD, LOCATIONS REPAIRS                   | \$11,000           |
| 225                       | 120   | MISCELLANEOUS                           | \$5,000            | 240                         | 130   | STIMULATION                               | \$2,365,000        |
| 225                       | 125   | MOUSE/RATHOLE/CONDUCT PIPE              | \$31,000           | 240                         | 135   | SUBSURFACE EQUIPMENTAL RENTAL             | \$31,000           |
| 225                       | 130   | MUD & CHEMICALS                         | \$320,000          | 240                         | 140   | SUPERVISION                               | \$96,500           |
| 225                       | 140   | OPENHOLE LOGGING                        | \$0                | 240                         | 145   | SURFACE EQUIP RENTAL                      | \$186,500          |
| 225                       | 141   | CASED HOLE LOGGING                      | \$0                | 240                         | 150   | TRANSPORTATION/TRUCKING                   | \$1,000            |
| 225                       | 145   | PERMITS, LICENSES, ETC                  | \$20,000           | 240                         | 155   | WATER TRANSFER                            | \$106,000          |
| 225                       | 150   | POWER FUEL & WATER HAULING              | \$200,000          | 240                         | 160   | WELDING SERVICES                          | \$0                |
| 225                       | 155   | RIG MOVE & RACKING COSTS                | \$91,500           | 240                         | 165   | WELL TESTING/FLOWBACK                     | \$93,600           |
| 225                       | 160   | RIG UP TEAR OUT & STANDBY               | \$0                | 240                         | 148   | TAXES                                     | \$0                |
| 225                       | 163   | SITE RESTORATION                        | \$10,000           | 240                         | 40    | CONTINGENCY COSTS 5%                      | \$281,280          |
| 225                       | 165   | STAKING & SURVEYING                     | \$6,000            |                             |       | <b>Total Intangible Completion Costs:</b> | <b>\$4,969,280</b> |
| 225                       | 170   | SUPERVISION                             | \$85,000           |                             |       |   |                    |
| 225                       | 175   | SUPERVISION - GEOLOGICAL                | \$39,000           |                             |       |   |                    |
| 225                       | 180   | TRANSPORTATION/TRUCKING                 | \$39,000           |                             |       |   |                    |
| 225                       | 178   | TAXES                                   | \$165,506          |                             |       |   |                    |
| 225                       | 35    | CONTINGENCY COSTS 5%                    | \$150,460          |                             |       |   |                    |
|                           |       | <b>Total Intangible Drilling Costs:</b> | <b>\$3,325,160</b> |                             |       |   |                    |
| Tangible Drilling Costs   |       |   |                    | Tangible Completion Costs   |       |   |                    |
| Major                     | Minor | Description                             | Amount             | Major                       | Minor | Description                               | Amount             |
| 230                       | 10    | INTERMEDIATE CASING & ATTACHMENTS       | \$380,000          | 245                         | 5     | ARTIFICIAL LIFT                           | \$200,000          |
| 230                       | 20    | PACKERS/SLEEVES/PLUGS                   | \$66,000           | 245                         | 15    | FLOWLINES                                 | \$0                |
| 230                       | 25    | PRODUCTION CASING & ATTACHMENTS         | \$699,177          | 245                         | 25    | FRAC STRING                               | \$0                |
| 230                       | 35    | SURFACE CASING & ATTACHMENTS            | \$169,740          | 245                         | 40    | PACKERS/SLEEVES/PLUGS/GL MANDRELS         | \$40,000           |
| 230                       | 45    | WELLHEAD EQUIPMENT/CASING BOWL          | \$70,000           | 245                         | 45    | PRODUCTION LINER                          | \$0                |
| 230                       | 40    | TAXES                                   | \$76,170           | 245                         | 50    | PRODUCTION PROCESSING FACILITY            | \$0                |
|                           |       | <b>Total Tangible Drilling Costs:</b>   | <b>\$1,461,087</b> | 245                         | 55    | PRODUCTION TUBING                         | \$90,000           |
|                           |       |   |                    | 245                         | 60    | RODS/PUMPS                                | \$0                |
|                           |       |   |                    | 245                         | 65    | SUBSURFACE EQUIPMENT                      | \$60,000           |
|                           |       |   |                    | 245                         | 75    | WELLHEAD EQUIPMENT                        | \$142,700          |
|                           |       |   |                    | 245                         | 70    | TAXES                                     | \$29,299           |
|                           |       |   |                    |                             |       | <b>Total Tangible Completion Costs:</b>   | <b>\$561,999</b>   |
| Tangible Facility Costs   |       |   |                    | Intangible Facility Costs   |       |   |                    |
| Major                     | Minor | Description                             | Amount             | Major                       | Minor | Description                               | Amount             |
| 270                       | 10    | FACILITY PIPE/VALVES/FITTINGS           | \$147,000          | 265                         | 5     | CONSULTING                                | \$9,500            |
| 270                       | 15    | CONTAINMENT                             | \$0                | 265                         | 12    | COMPANY DIRECT LABOR                      | \$0                |
| 270                       | 25    | DEHYDRATION                             | \$0                | 265                         | 20    | DAMAGES/ROW/PERMITS, ETC                  | \$12,700           |
| 270                       | 30    | PRIMARY POWER MATERIALS                 | \$14,400           | 265                         | 22    | PAD/ROAD CONSTRUCTION                     | \$30,000           |
| 270                       | 50    | FLOWLINES / PIPELINE / HOOKUP           | \$76,000           | 265                         | 25    | ENGINEERING / SCIENCE                     | \$13,900           |
| 270                       | 60    | H2S TREATING EQUIPMENT                  | \$0                | 265                         | 40    | HEALTH/SAFETY/ENVIRONMENTAL               | \$5,000            |
| 270                       | 65    | SEPARATION EQUIPMENT                    | \$94,800           | 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                 | \$800              |
| 270                       | 86    | FACILITY SURFACE EQUIPMENT              | \$75,400           | 265                         | 85    | TRANSPORTATION / TRUCKING                 | \$0                |
| 270                       | 90    | H2S SAFETY SYSTEM                       | \$4,000            | 265                         | 83    | TAXES                                     | \$4,120            |
| 270                       | 100   | CONTROL / INSTRUMENT / METERS / SCADA   | \$57,000           | 265                         | 10    | CONTINGENCY COSTS 5%                      | \$3,745            |
| 270                       | 110   | TANKS & WALKWAYS                        | \$47,600           |                             |       | <b>Total Intangible Facility Costs:</b>   | <b>\$82,765</b>    |
| 270                       | 130   | MECHANICAL BATTERY BUILD                | \$117,800          |                             |       |   |                    |
| 270                       | 132   | ELC BATTERY BUILD                       | \$47,000           |                             |       |   |                    |
| 270                       | 134   | CONTROLS AND SCADA BATTERY BUILD        | \$2,600            |                             |       |   |                    |
| 270                       | 136   | PRIMARY POWER BUILD                     | \$15,100           |                             |       |   |                    |
| 270                       | 138   | FLOWLINE INSTALLATION                   | \$43,500           |                             |       |   |                    |
| 270                       | 140   | SIGNAGE                                 | \$600              |                             |       |   |                    |
| 270                       | 125   | TAXES                                   | \$40,854           |                             |       |   |                    |
|                           |       | <b>Total Tangible Facility Costs:</b>   | <b>\$783,654</b>   |                             |       |   |                    |
|                           |       |   |                    | Office Use Only:            |       |   |                    |
|                           |       |   |                    |                             |       |   |                    |
| Total Drill:              |       |   | \$4,786,253.44     |                             |       |   |                    |
| Total Completion:         |       |   | \$5,531,278.50     |                             |       |   |                    |
| Total Facility:           |       |   | \$866,418.50       |                             |       |   |                    |
| Total DC Intangible:      |       |   | \$8,294,446.00     |                             |       |   |                    |
| Total DC Tangible:        |       |   | \$2,023,085.94     |                             |       |   |                    |
|                           |       |   |                    |                             |       |   |                    |
| Total AFE:                |       |   | \$11,183,950.44    |                             |       |   |                    |

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 R. Walters  
Chief Executive Officer

Date: 2/6/2024

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 F

EXHIBIT

B.7



**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. 24466**

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 Eagle State Com 502H well, which will target the Second Bone Spring formation.

7. **Exhibit C.3** is a structure map of the Second Bone Spring formation. The proposed spacing unit is identified by a pink box. The Eagle State Com 502H well proposed in this case is





identified by the black-dashed line. The contour interval used in this exhibit is 25 feet. This exhibit shows that the structure dips gently to the southwest.

8. **Exhibit C.4** is a cross-section reference map that identifies six wells in the vicinity of the proposed Eagle State Com 502H well, shown by a line of cross-section running from A to A'.

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

10. **Exhibit C.6** an Isochore map of the Second Bone Spring formation. The gross interval thickness increases slightly to the southeast.

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

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

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

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

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

15. 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: May 9<sup>th</sup>, 2024

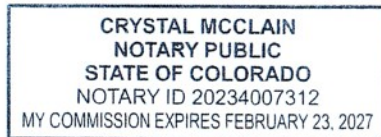
[Signature]  
Ben Kessel

State of Colorado

County of Denver

This record was acknowledged before me on May 9, 2024, by Ben Kessel.

[Stamp]



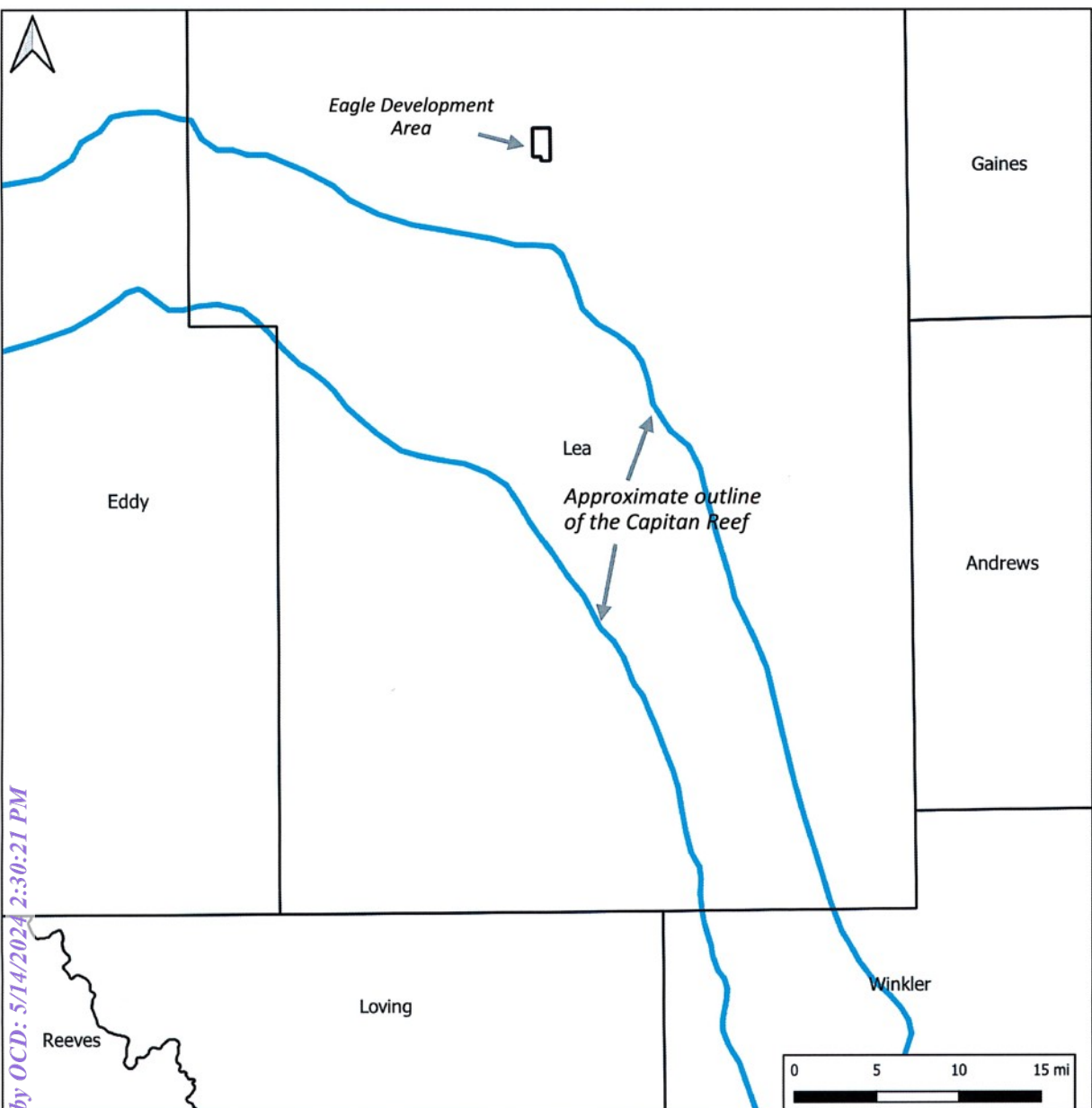
[Signature]  
Notary Public in and for the  
State of Colorado  
Commission Number: 20234007312

My Commission Expires: 2/23/27

# Eagle Development



## Locator Map



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

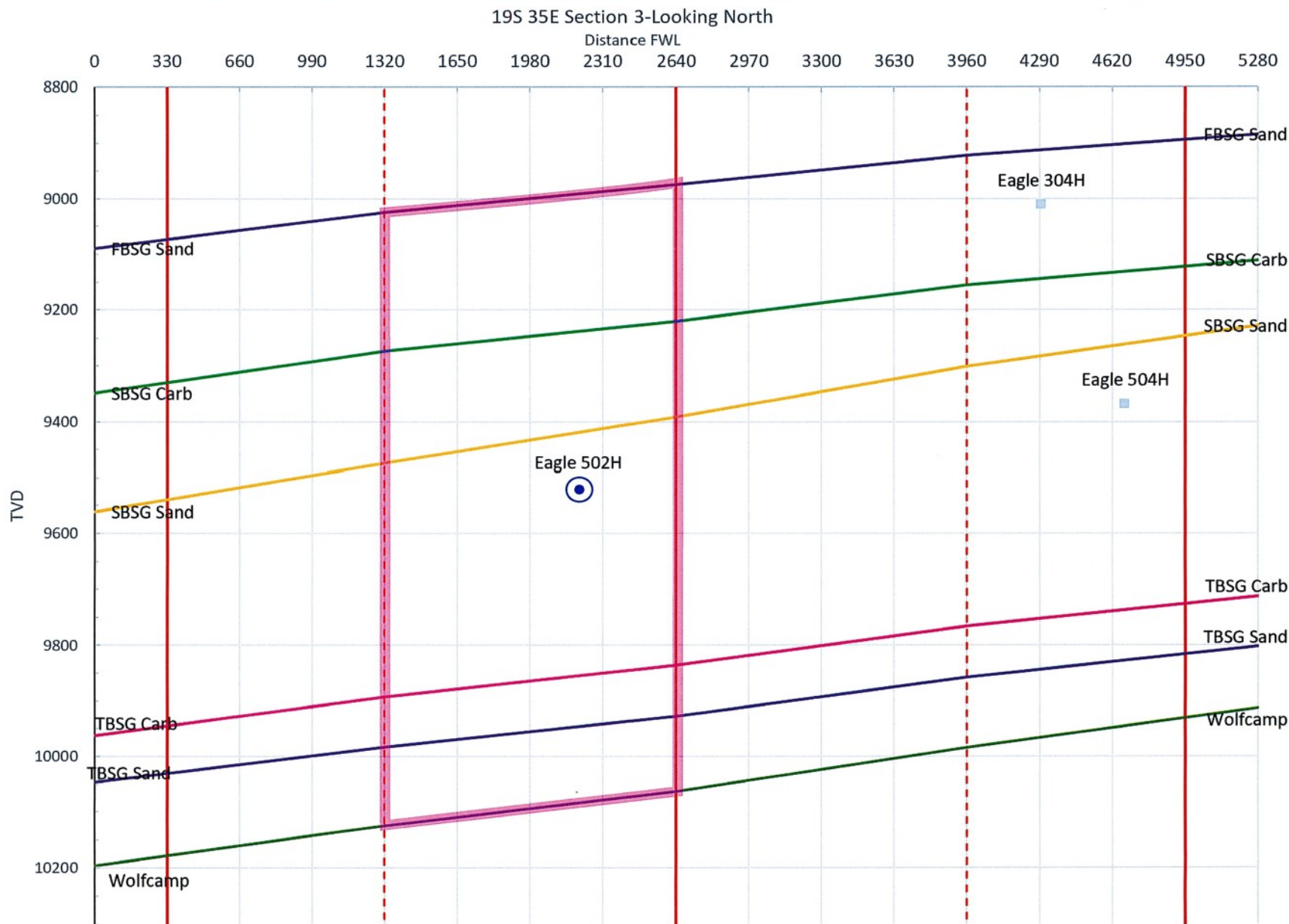


Received by OCD: 5/14/2024 2:30:21 PM

Released to Imaging: 5/14/2024 2:59:46 PM



# Wellbore Schematic



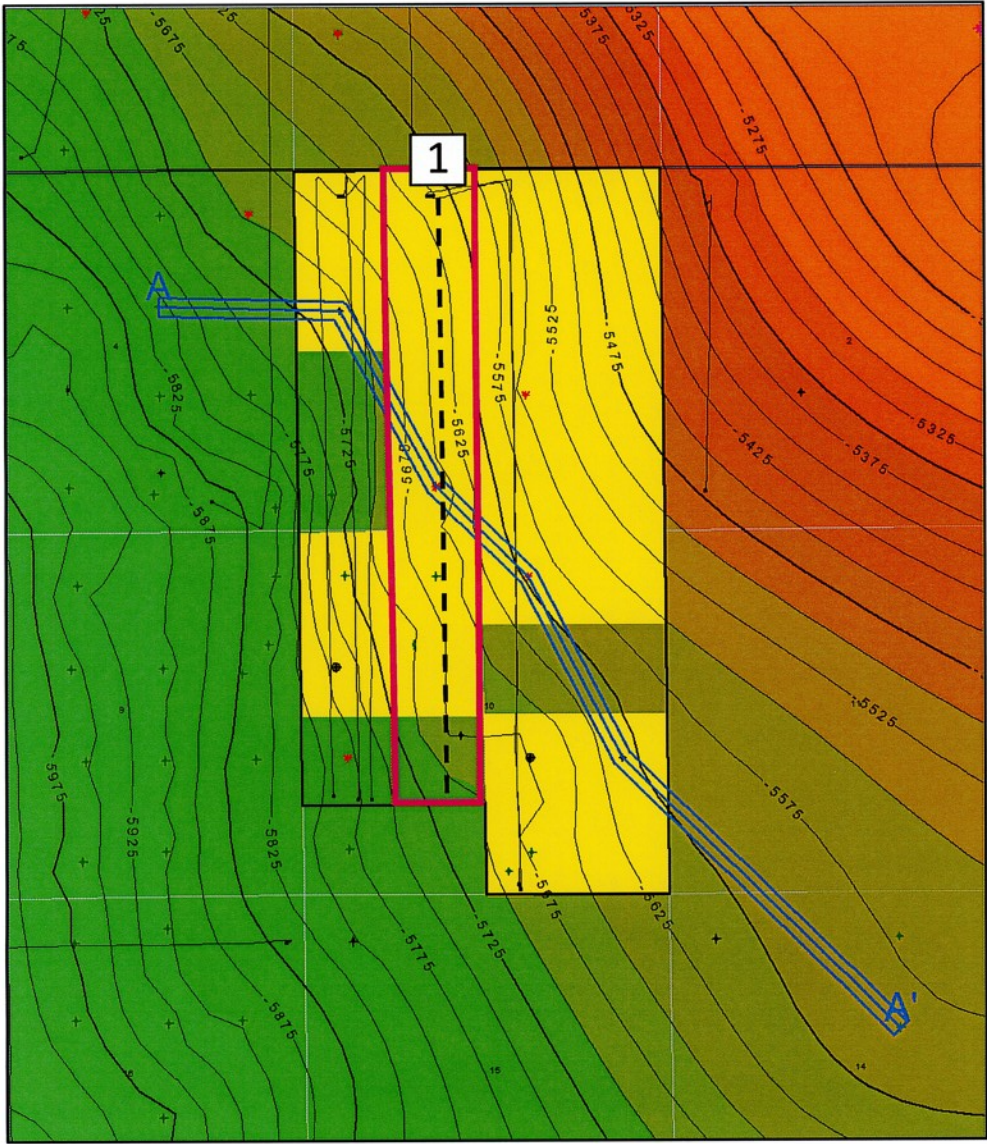
Proposed Lateral

Examiner Hearing  
No. 24466

Bone Spring Spacing Unit



# Second Bone Spring Structure Map



All wells shown

1 mile

- Franklin Mountain Acreage
- Bone Spring Spacing Unit

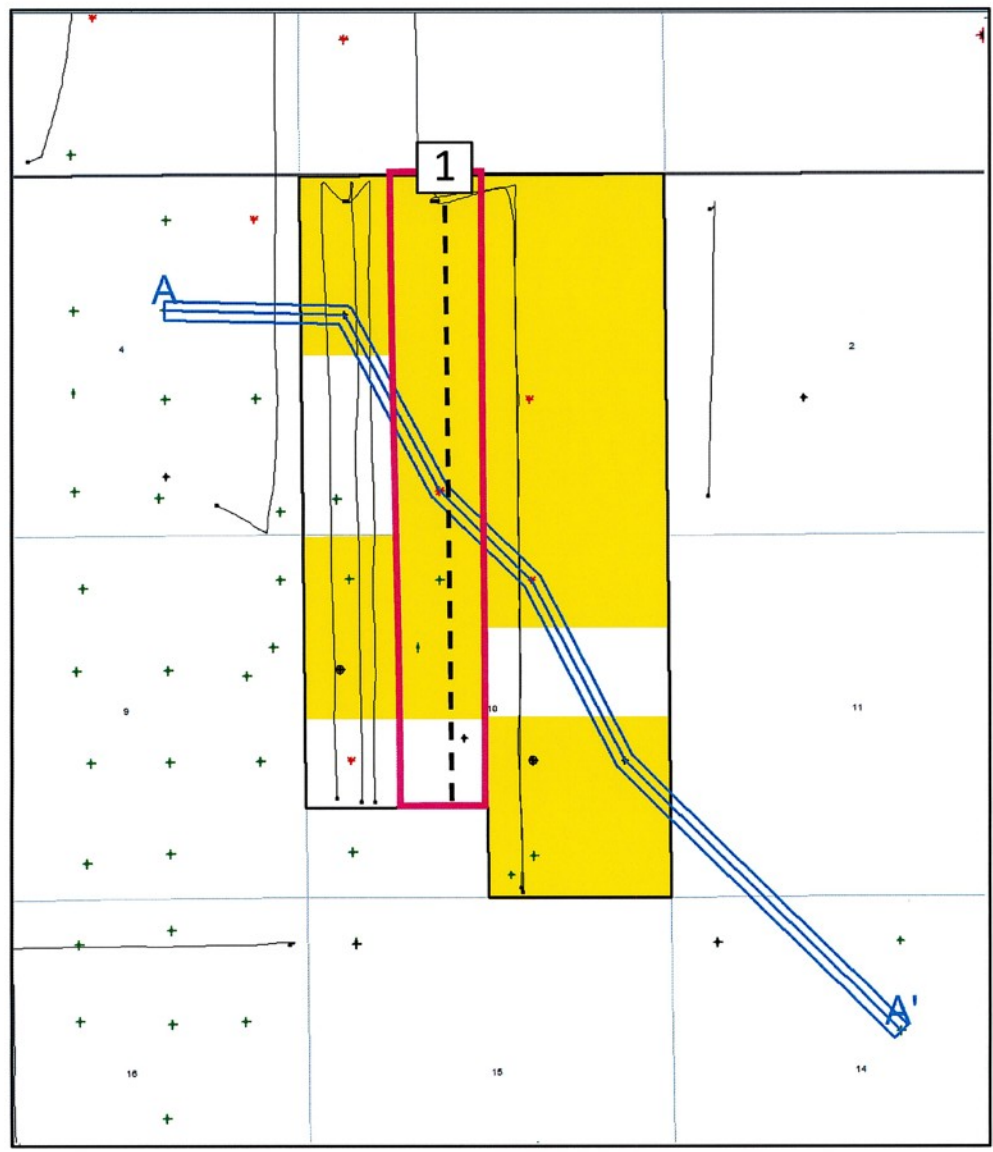
Proposed Horizontal Location

1 Eagle State Com 502H





# Cross Section Reference Map



All wells shown

1 mile

- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

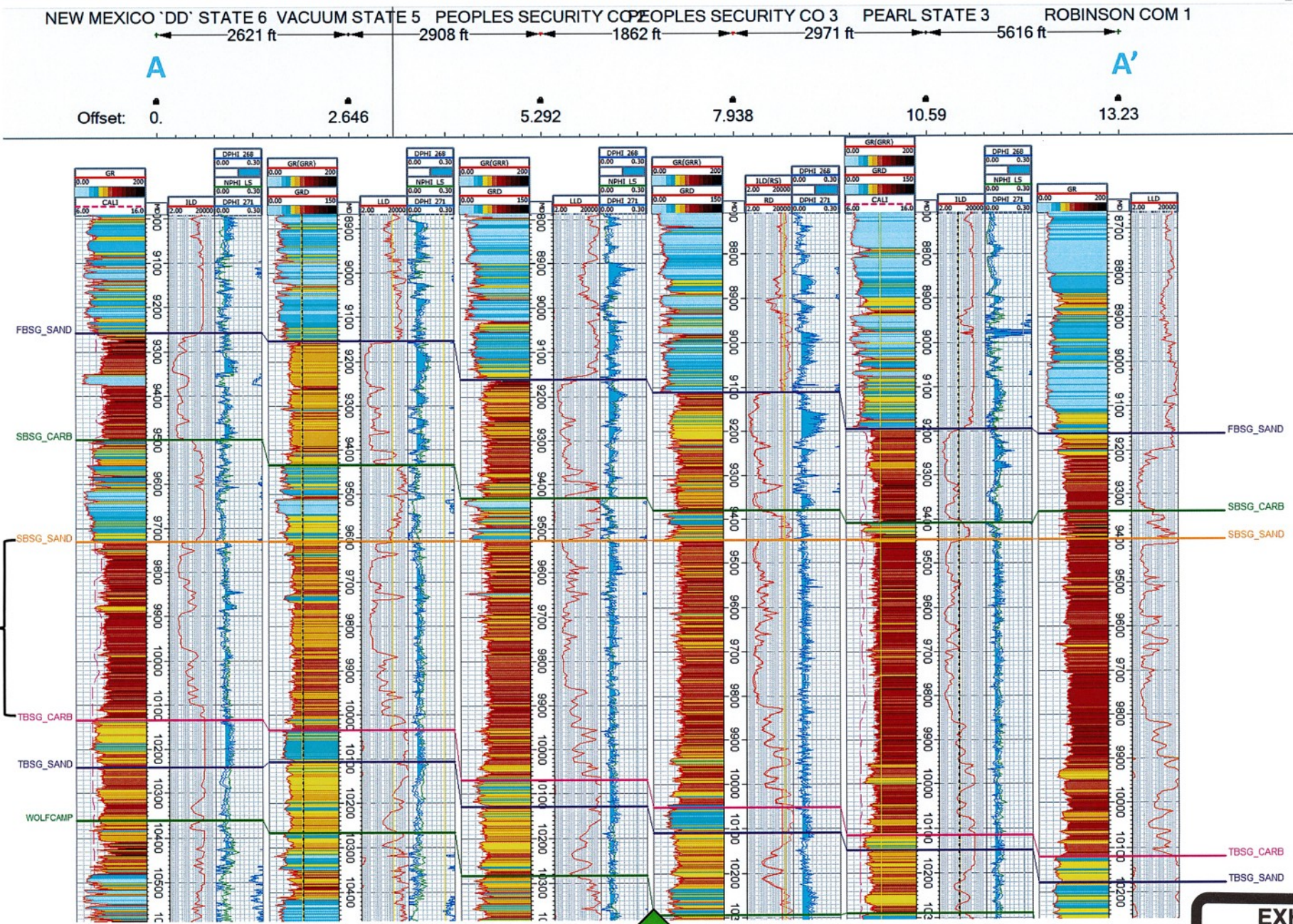
Eagle State Com 502H





Page 33 of 52  
Received by OCD: 5/14/2024 2:30:21 PM  
Released to Imaging: 5/14/2024 2:59:46 PM

# Second Bone Spring Cross Section



OCD Examiner Hearing  
No. 24466  
5021

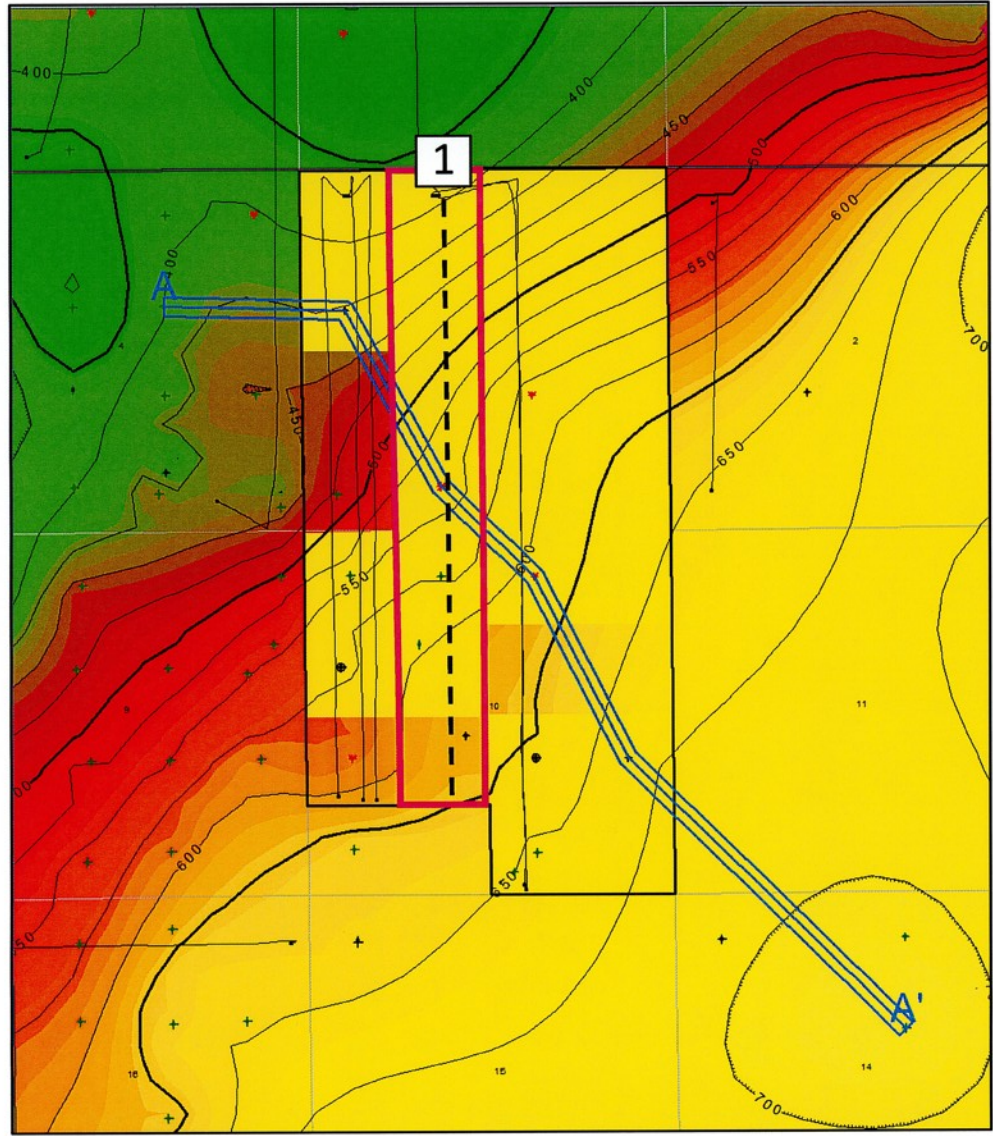
EXHIBIT

C.5

tabbles



# Second Bone Spring Isochore Map



- Franklin Mountain Acreage
- Bone Spring Spacing Unit

Proposed Horizontal Location

1 Eagle State Com 502H

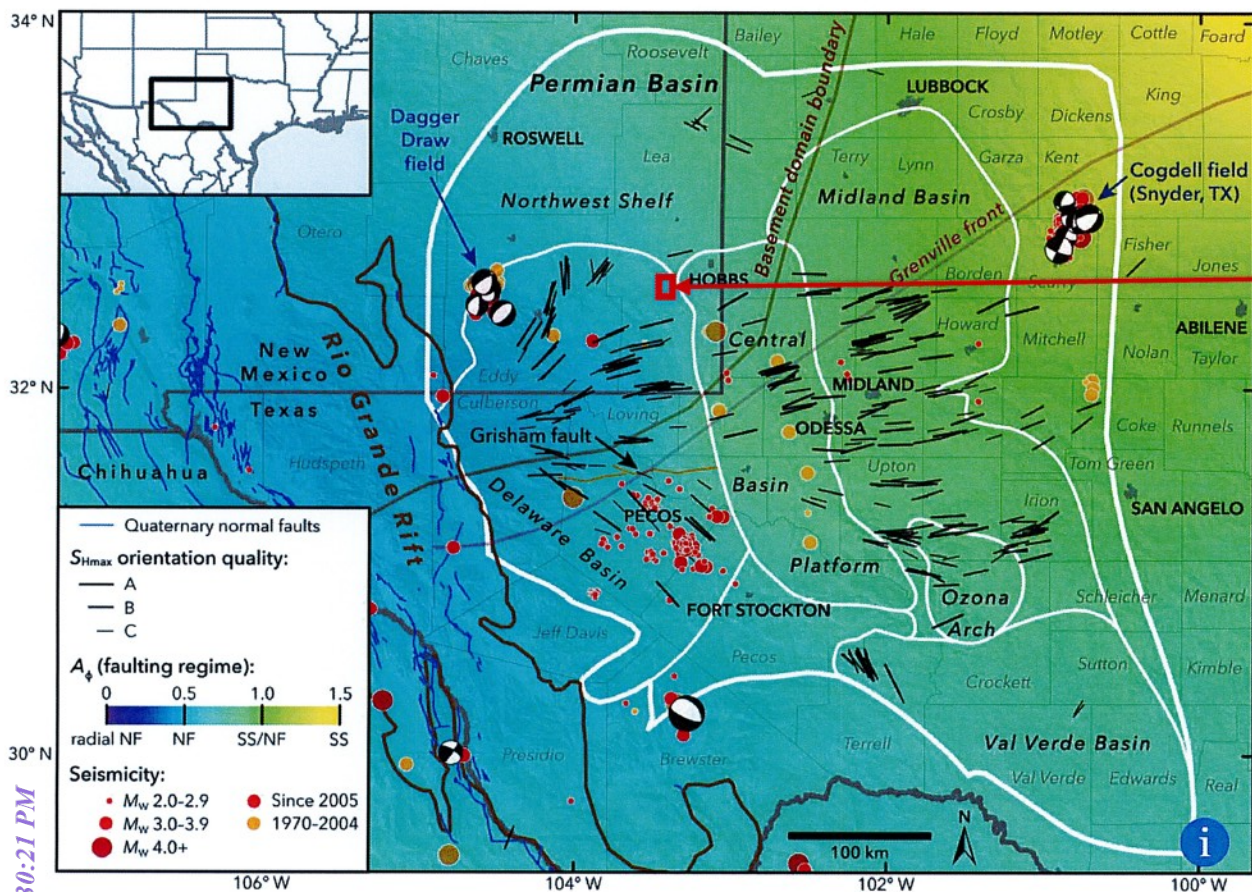
EXHIBIT

C. 6



# Regional Stress

- Red box shows the approximate location of the Eagle development
- Reported local  $S_{Hmax}$  (Snee and Zoback, 2018) direction is ENE, around  $255^\circ$
- The Eagle 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](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 NOS. 24464-24466**

**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 April 22, 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 April 22, 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 May 16, 2024 hearing was published on April 25, 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: May 9, 2024

*Deana M. Bennett*

Deana M. Bennett







April 22, 2024

Deana M. Bennett  
505.848.1834  
[dmb@modrall.com](mailto: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. 24464**

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

**CASE NO. 24465**

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

**CASE NO. 24466**

**TO: AFFECTED PARTIES**

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

In Case No. 24464, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 639.21-acre, more or less, Wolfcamp horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: **Eagle State Com 704H** well, to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Lot 2) of Section 3 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 10; and **Eagle State Com 705H** well, to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The producing area for the

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OCD Examiner Hearing  
No. 24466





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wells is expected to be orthodox. The completed interval for the Eagle State Com 704H 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 15 miles west of Hobbs, New Mexico.

In Case No. 24465, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 319.59-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 1, SE/4 NE/4, and E/2 SE/4 of irregular Section 3 (E/2 E/2 equivalent), and the E/2 E/2 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the **Eagle State Com 304H** and **Eagle State Com 504H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The producing area for the wells is expected to be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 15 miles west of Hobbs, New Mexico.

In Case No. 24466, Franklin Mountain Energy 3 seeks an order from the Division pooling all uncommitted mineral interests within a 279.64-acre, more or less, Bone Spring horizontal spacing unit comprised of Lot 3, SE/4 NW/4, and E/2 SW/4 of irregular Section 3 (E/2 W/2 equivalent), and the E/2 NW/4 and NE/4 SW/4 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: **Eagle State Com 502H** well, to be horizontally drilled from a surface hole location in the NE/4 NW/4 (Lot 3) of Section 3 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 10. The producing area for the well is expected to be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles west of Hobbs, New Mexico.

**The hearing is set for May 16, 2024 beginning at 8:15 a.m. The hearing will be conducted in a hybrid fashion, both in-person at the**

Page 3

**Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1<sup>st</sup> 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 Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,



Deana M. Bennett

*Attorney for Applicant*

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

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

**CASE NO. 24464**

**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 639.21-acre, more or less, Wolfcamp horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate wells thereon.
2. Franklin seeks to dedicate the spacing unit to the following wells:
  - a. **Eagle State Com 704H** well to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Lot 2) of Section 3 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 10; and
  - b. **Eagle State Com 705H** well to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.
3. The producing area for the wells is expected to be orthodox.



4. The completed interval for the **Eagle State Com 704H** 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 May 2, 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, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

B. Designating Franklin as operator of this unit and the wells to be drilled thereon;

C. Authorizing Franklin to recover its costs of drilling, equipping and completing the 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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[yarithza.pena@modrall.com](mailto:yarithza.pena@modrall.com)

*Attorneys for Franklin Mountain Energy 3, LLC*

**CASE NO. 24464 : 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 639.21-acre, more or less, Wolfcamp horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: **Eagle State Com 704H** well, to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Lot 2) of Section 3 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 10; and **Eagle State Com 705H** well, to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The producing area for the wells is expected to be orthodox. The completed interval for the Eagle State Com 704H 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 15 miles west of Hobbs, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
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**APPLICATION**

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1. Franklin has an interest in the subject lands and has a right to drill and operate wells thereon.
2. Franklin seeks to dedicate the spacing unit to the **Eagle State Com 304H** and **Eagle State Com 504H** wells to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.
3. The producing area for the wells is expected to be orthodox.
4. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.
5. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

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- 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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& SISK, P.A.

By: /s/ Deana M. Bennett

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*Attorneys for Franklin Mountain Energy 3, LLC*



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Karlene Schuman  
Modrall Sperling Roehl Harris & Sisk P.A.  
500 Fourth Street, Suite 1000  
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PS Form 3877

Type of Mailing: CERTIFIED MAIL  
04/22/2024

Firm Mailing Book ID: 264826

| Line         | USPS Article Number         | Name, Street, City, State, Zip   | Postage | Service Fee | RR Fee  | Rest.Del.Fee | Reference Contents     |
|--------------|-----------------------------|--|---------|-------------|---------|--------------|------------------------|
| 1            | 9314 8699 0430 0120 2447 46 | Marshall & Winston, Inc.<br>P.O. Box 50880<br>Midland TX 79710                             | \$1.87  | \$4.40      | \$2.32  | \$0.00       | 10154.0001Eagle Notice |
| 2            | 9314 8699 0430 0120 2447 53 | Chevron U.S.A. Inc.<br>attn: Permian Land Manager<br>1400 Smith Street<br>Houston TX 77002 | \$1.87  | \$4.40      | \$2.32  | \$0.00       | 10154.0001Eagle Notice |
| 3            | 9314 8699 0430 0120 2447 60 | Northern Oil and Gas, Inc.<br>4350 Baker Road, Ste 400<br>Minnetonka MN 55343              | \$1.87  | \$4.40      | \$2.32  | \$0.00       | 10154.0001Eagle Notice |
| 4            | 9314 8699 0430 0120 2447 77 | PJ Guy Family Trust dtd 12.14.96<br>2302 SIERRA VISTA DRIVE<br>ARTESIA NM 88210            | \$1.87  | \$4.40      | \$2.32  | \$0.00       | 10154.0001Eagle Notice |
| 5            | 9314 8699 0430 0120 2447 84 | JT Jackson and Associates<br>2302 SIERRA VISTA DRIVE<br>ARTESIA NM 88210                   | \$1.87  | \$4.40      | \$2.32  | \$0.00       | 10154.0001Eagle Notice |
| 6            | 9314 8699 0430 0120 2447 91 | William J. McCaw<br>PO BOX 378<br>ARTESIA NM 88211   | \$1.87  | \$4.40      | \$2.32  | \$0.00       | 10154.0001Eagle Notice |
| 7            | 9314 8699 0430 0120 2448 07 | State of New Mexico State Land Office<br>310 Old Santa Fe Trail<br>Santa Fe NM 87501       | \$1.87  | \$4.40      | \$2.32  | \$0.00       | 10154.0001Eagle Notice |
| Totals:      |                             |  | \$13.09 | \$30.80     | \$16.24 | \$0.00       |                        |
| Grand Total: |                             |  |         |             |         | \$60.13      |                        |

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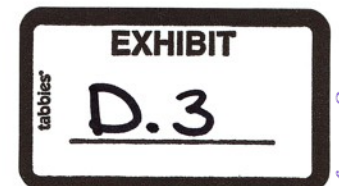
Postmaster:  
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Dated:

7



| Transaction Report Details - CertifiedPro.net |                     |                  |                                       |                            |            |       |       |                |   |                     |  |
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| Firm Mail Book ID= 264826                     |                     |                  |                                       |                            |            |       |       |                |   |                     |  |
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| USPS Article Number                           | Date Created        | Reference Number | Name 1                                | Name 2                     | City       | State | Zip   | Mailing Status | Service Options                             | Mail Delivery Date  |  |
| 9314869904300120244807                        | 2024-04-22 12:08 PM | 10154.0001Eagle  | State of New Mexico State Land Office |                            | Santa Fe   | NM    | 87501 | Delivered      | Return Receipt - Electronic, Certified Mail | 2024-04-25 12:55 PM |  |
| 9314869904300120244791                        | 2024-04-22 12:08 PM | 10154.0001Eagle  | William J. McCaw                      |                            | ARTESIA    | NM    | 88211 | Delivered      | Return Receipt - Electronic, Certified Mail | 2024-04-26 10:19 AM |  |
| 9314869904300120244784                        | 2024-04-22 12:08 PM | 10154.0001Eagle  | JT Jackson and Associates             |                            | ARTESIA    | NM    | 88210 | Delivered      | Return Receipt - Electronic, Certified Mail | 2024-04-26 1:50 PM  |  |
| 9314869904300120244777                        | 2024-04-22 12:08 PM | 10154.0001Eagle  | PJ Guy Family Trust dtd 12.14.96      |                            | ARTESIA    | NM    | 88210 | Delivered      | Return Receipt - Electronic, Certified Mail | 2024-04-26 1:50 PM  |  |
| 9314869904300120244760                        | 2024-04-22 12:08 PM | 10154.0001Eagle  | Northern Oil and Gas, Inc.            |                            | Minnetonka | MN    | 55343 | Delivered      | Return Receipt - Electronic, Certified Mail |                     |  |
| 9314869904300120244753                        | 2024-04-22 12:08 PM | 10154.0001Eagle  | Chevron U.S.A. Inc.                   | attn: Permian Land Manager | Houston    | TX    | 77002 | To be Returned | Return Receipt - Electronic, Certified Mail |                     |  |
| 9314869904300120244746                        | 2024-04-22 12:08 PM | 10154.0001Eagle  | Marshall & Winston, Inc.              |                            | Midland    | TX    | 79710 | Undelivered    | Return Receipt - Electronic, Certified Mail |                     |  |

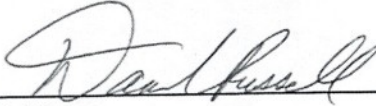




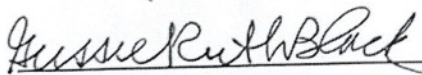
**Affidavit of Publication**STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
April 25, 2024  
and ending with the issue dated  
April 25, 2024.

  
Publisher

Sworn and subscribed to before me this  
25th day of April 2024.

  
Business Manager

My commission expires  
January 29, 2027  
(Seal)

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

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

**LEGAL NOTICE**  
April 25, 2024

**CASE NO. 24464:** Notice to all affected parties, as well as heirs and devisees of: Marshall & Winston, Inc.; Chevron U.S.A. Inc., attn.: Permian Land Manager; Northern Oil and Gas, Inc.; PJ Guy Family Trust dtd 12-14-96; JT Jackson and Associates; William J. McCaw; State of New Mexico 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 May 16, 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 639.21-acre, more or less, Wolfcamp horizontal spacing unit comprised of Lots 1 and 2, S/2 NE/4, SE/4 of irregular Section 3 (E/2 equivalent), and the E/2 of Section 10, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: **Eagle State Com 704H** well, to be horizontally drilled from a surface hole location in the NW/4 NE/4 (Lot 2) of Section 3 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 10; and **Eagle State Com 705H** well, to be horizontally drilled from a surface hole location in the NE/4 NE/4 (Lot 1) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The producing area for the wells is expected to be orthodox. The completed interval for the inclusion of 704H 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 15 miles west of Hobbs, New Mexico.

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**EXHIBIT****D.4**