

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

**APPLICATIONS OF FRANKLIN MOUNTAIN ENERGY 3, LLC
FOR COMPULSORY POOLING AND, TO THE EXTENT
NECESSARY, APPROVAL OF AN OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NOS. 24457, 24459 & 24479

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

CASE NOS. 24898-24901

**APPLICATIONS OF MRC PERMIAN COMPANY
FOR APPROVAL OF AN OVERLAPPING HORIZONTAL
WELL SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 24778-24783

**APPLICATIONS OF MRC PERMIAN COMPANY
FOR APPROVAL COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 24784-24786

NOTICE OF REBUTTAL EXHIBITS

Franklin Mountain Energy 3, LLC ("FME3"), by and through its undersigned counsel,
hereby provides notice of filing rebuttal exhibits as more fully outlined in the included Table of
Contents.

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

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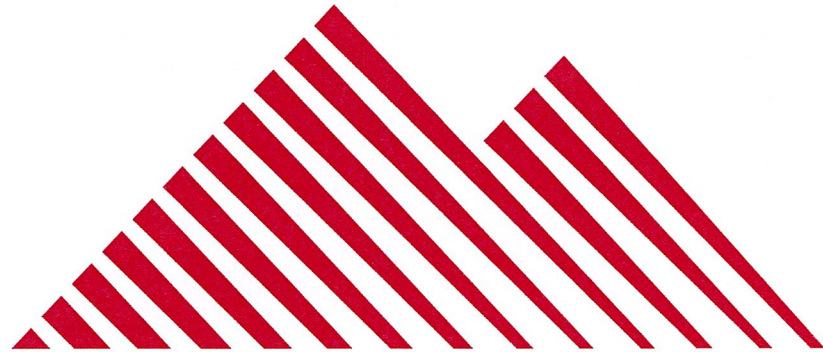
CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on November 19, 2024.

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**FRANKLIN MOUNTAIN
ENERGY**

Rope State Com—Rebuttal Slides

Case Nos. 24457, 24459, 24479 and 24898, 24899, 24900, 24901,
Bone Spring/Wolfcamp

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REBUTTAL SLIDES TABLE OF CONTENTS

- FME3 Reb. 1: Section 30 Is Key for FME3's Development (Rebuts MRC land testimony ¶¶ 32-34 and 41)
- FME3 Reb. 2: MRC is misrepresenting production (Rebuts MRC reservoir engineer exhibits C-3, C-7 to C-17 and associated reservoir engineer testimony)
- FME3 Reb. 3: FME3's Development Plan would Capture More Reserves in Section 30 (Rebuts MRC exhibit C-2 and associated reservoir engineer testimony)
- FME3 Reb. 4: AFE Comparison Based on Updated MRC AFEs (Addresses MRC Exhibit A-6)
- FME3 Reb. 5: MRC has drilled out of zone (Rebuts MRC geology testimony ¶¶ 34-39 and exhibit)
- FME3 Reb. 6-8: MRC selected wells that skew results in its favor (Rebuts MRC exhibits C-3, C-7 to C-13 and associated reservoir engineer testimony)
 - FME3 Reb. 6: First Bone Spring Sand

- FME3 Reb. 7: Second Bone Spring Sand
 - FME3 Reb. 8: Third Bone Spring Sand
- FME3 Reb. 9-10: FME3's Wolfcamp Experience (Rebuts MRC geology exhibit B-8 and associated geology testimony and MRC reservoir engineer exhibits C-14 to C-17 and associated reservoir engineering testimony)
 - FME3 Reb. 9: FME's Gold 701H Experience
 - FME3 Reb. 10: FME's Wolfcamp B/D Experience

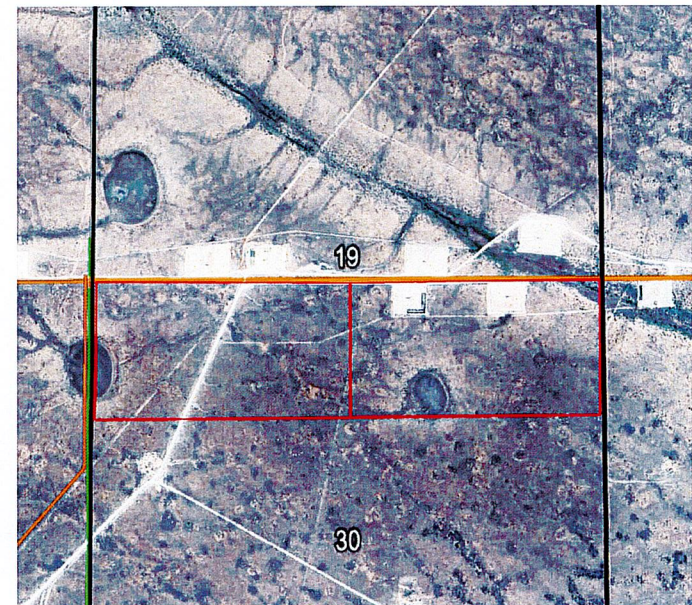
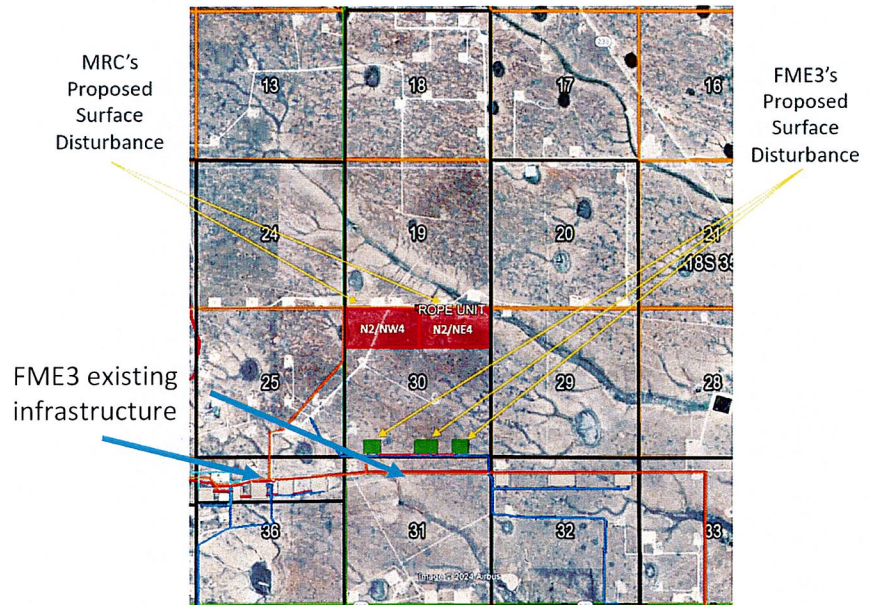


Section 30 Is Key for FME3's Development

- FME3's access to Section 30 is pivotal to FME3's development plan.
- FME3's infrastructure and corridor is in Section 31 as shown on the map to the right.
- Contrary to MRC's testimony, operating section 18/19 is not a workable option
 - Wolfcamp development is not possible in Section 18 due to existing saltwater disposal well injection in Wolfcamp formation in Section 18
 - S/2 of Section 19 is not only taken with existing pads but also has environmental risk as there are both playas and a ravine as shown on the map to the right.

41. As discussed above, MRC has proposed multiple options to Franklin Mountain where MRC could operate Sections 30 and 31 as proposed under MRC's application, and Franklin Mountain could operate two-mile wells in Section 18 and 19. This solution would (i) allow MRC to operate Section 30 where MRC has the majority working interest control, (ii) allow each operator to operate those sections where it already has existing producing horizontal wells, and (iii) allow all four sections involved in these cases (Sections 18, 19, 30 and 31) to be developed with two mile wells where existing producing wells allow.

FME3 Reb. 1

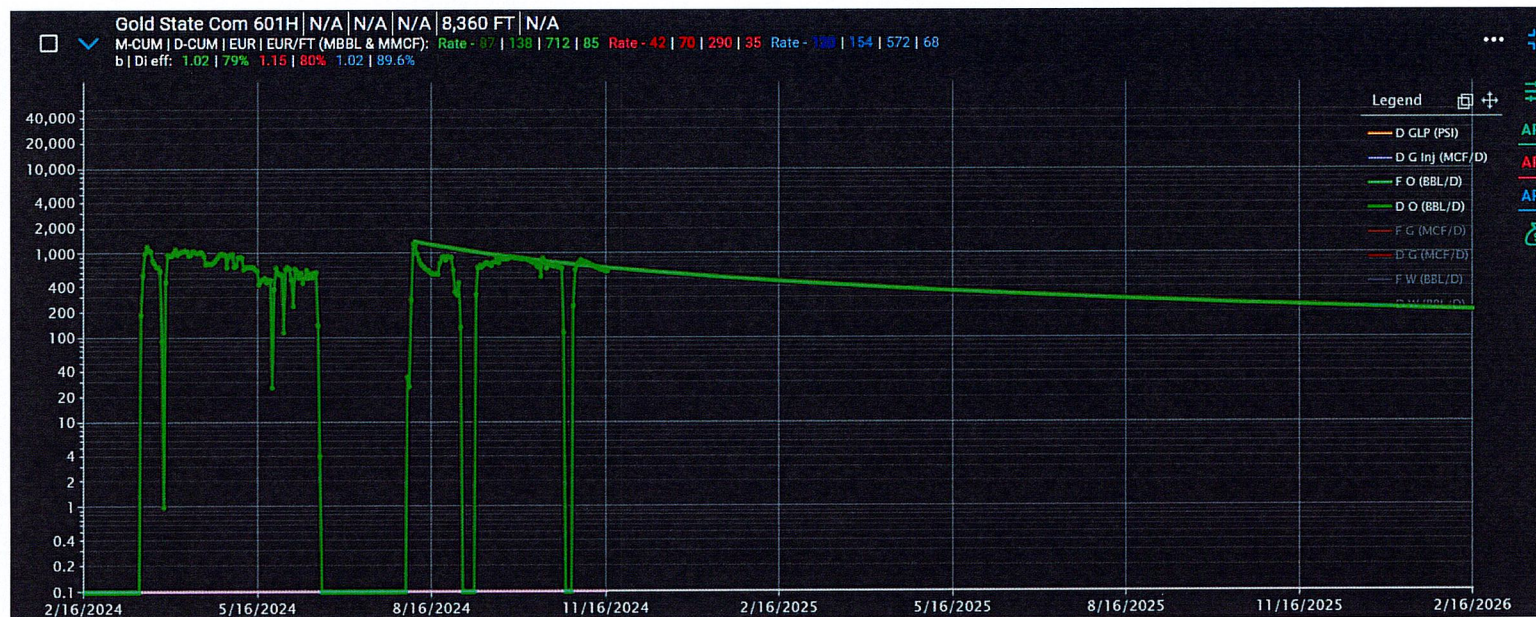


MRC is misrepresenting production



- MRC is partners in our Gold development and receives daily production
- Gold 601 was shut in for 50 days due to gas takeaway constraints
- These 3rd party takeaway issues have been resolved
- Removing the down days, Gold 601 has a cumulative (180 days on) normalized of 15,462 BO/1000' LL
- FME3 has forecasted this well to be an 85 BO/ft well

Well	Shut-in Days	Normalized (180 days on) BO/1000' LL	MRC 6-Month BO/1000'
Gold 601	50	15,462	10,200
Gold 301	20	14,565	Left out of analysis
Gold 801	113	4,832	2,500
Eagle 301	44	8,222	5,807



FME3 Reb. 2



FME3's Development Plan would Capture More Reserves in Section 30

	Section 30 Proposal			
	FME3 Develop Section 30 (BO)	MRC Develop Section 30 (BO)	MRC Revenue with FME3 Operating (USD)*	MRC Revenue with MRC Operating (USD)*
Formation				
1BS	1,460,000	1,460,000	\$ 60,042,500.00	\$ 60,042,500.00
2BS	-	795,000	\$ -	\$ 32,694,375.00
3BS	1,290,000	860,000	\$ 53,051,250.00	\$ 35,367,500.00
WCA	1,060,000	-	\$ 43,592,500.00	\$ -
WCB	1,660,000	1,660,000	\$ 68,267,500.00	\$ 68,267,500.00
Total	5,470,000	4,775,000	\$ 224,953,750.00	\$ 196,371,875.00

- FME3's development plan in Section 30 will capture more reserves and will generate more revenue for MRC than MRC's own development plan
- Due to the existing wells in Section 31, MRC is forced to drill U-turn wells in Section 30. FME3's development plan does not have these limitations and therefore will be able to fully develop the 2nd Bone Spring and the 3rd Bone Spring in Section 30.
- Under FME3's Development plan:
 - Additional 695,000 BO recovered
 - \$28 MM revenue add to MRC

11. To the right of that column is a column titled "Section 30 Reserves." The analysis under this column shows the volume of reserves that would be wasted in just Section 30 if the Second Bone Spring interval was not fully developed. These numbers were derived by taking the reserves estimates from MRC's two-mile wells, described in paragraph 10, and dividing them by two to account for the fact that the Section 30 acreage comprises only half of MRC's proposed two-mile wells. Accordingly, under this column, the rows titled "Total Economic Oil Recovered" and "Total Economic BOE Recovered (MBOE)" show that I estimate approximately 805,000 barrels of oil and 939,000 barrels-of-oil-equivalent would be wasted in Section 30 by not fully developing the Second Bone Spring interval underlying that section.

*Revenue calculated on 70\$/flat pricing

*MRC WI ~ .5875

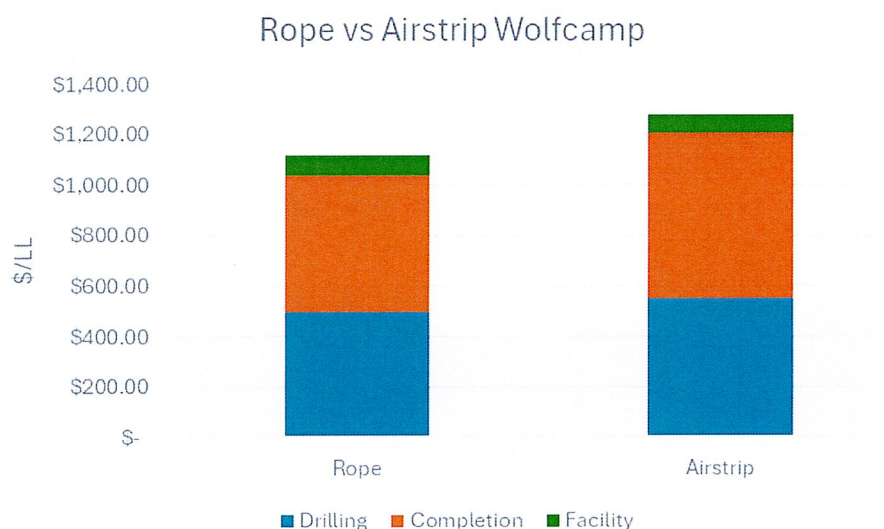
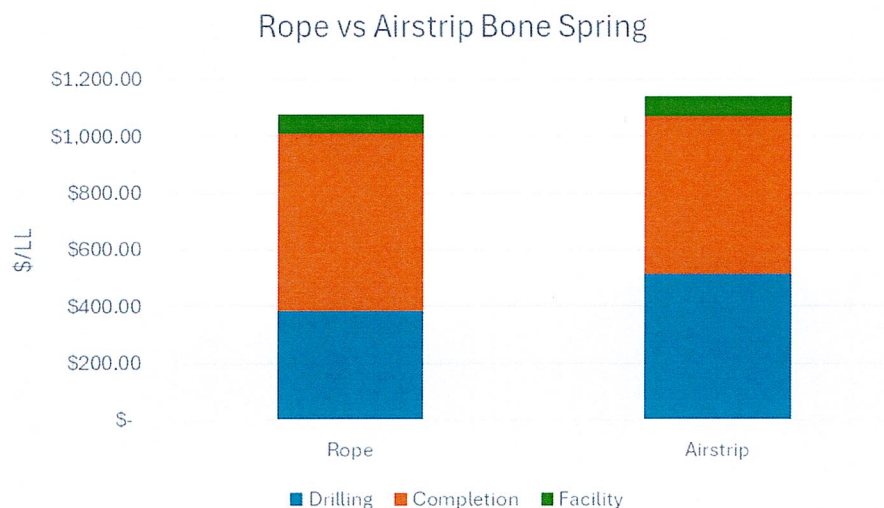
*Lateral footage of 1-mile

FME3 Reb. 3

Revised Based on Updated MRC AFEs: FME3's Budget Is Lower and FME3's Excellence in Execution



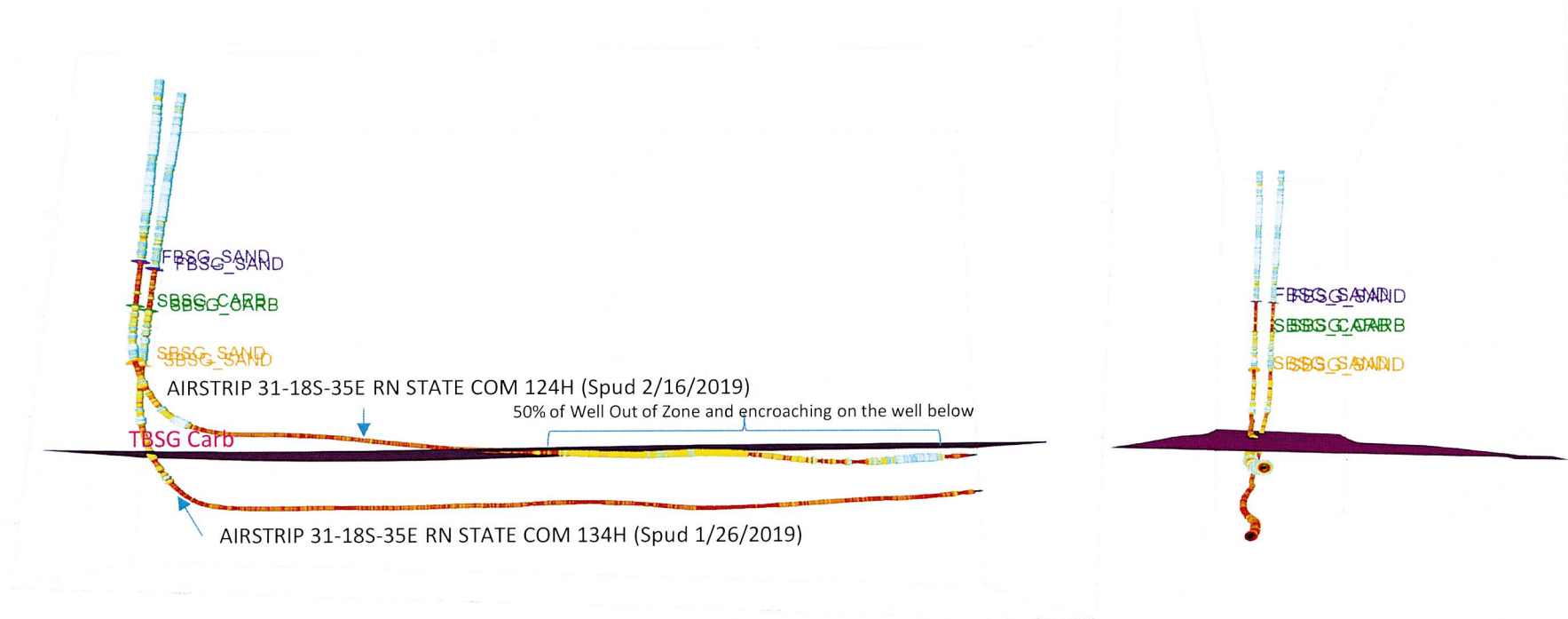
- The aggregate Bone Spring AFE between MRC's Airstrip and FME3's Rope normalized by well count and represented in \$/LL
 - MRC's November 7 Budget = \$ 1,140/LL
 - FME3's AFE Budget = \$1,077/LL
 - FME3 is \$63/LL less than MRC's Bone Spring Airstrip
- The aggregate Wolfcamp B AFE between MRC's Airstrip and FME3's Rope normalized by well count and represented in \$/LL
 - MRC's November Budget = \$1,279/LL
 - FME3's AFE Budget = \$1,117/LL
 - FME3 is \$162/ LL less than MRC's Wolfcamp



FME3 Reb. 4



MRC has drilled significantly out of zone as recently as 2019 Airstrip 124H vs 134H



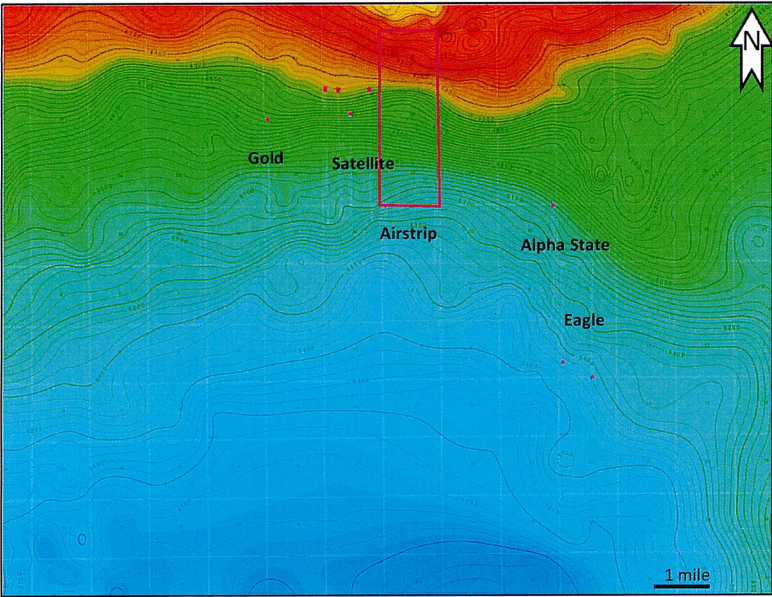
Rebuttal to Andrew Parker Testimony Paragraphs 34-39 regarding MRC's "Superior Operating Ability"

FME3 Reb. 5

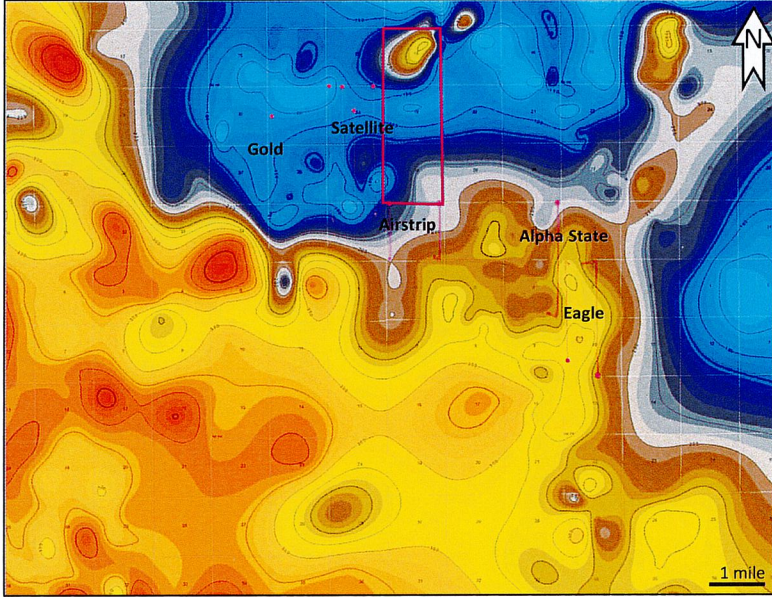


FBSG Sand: MRC is omitting analog wells that don't work in their favor

FBSG Sand Structure (SSTVD)



FBSG Sand Isopach



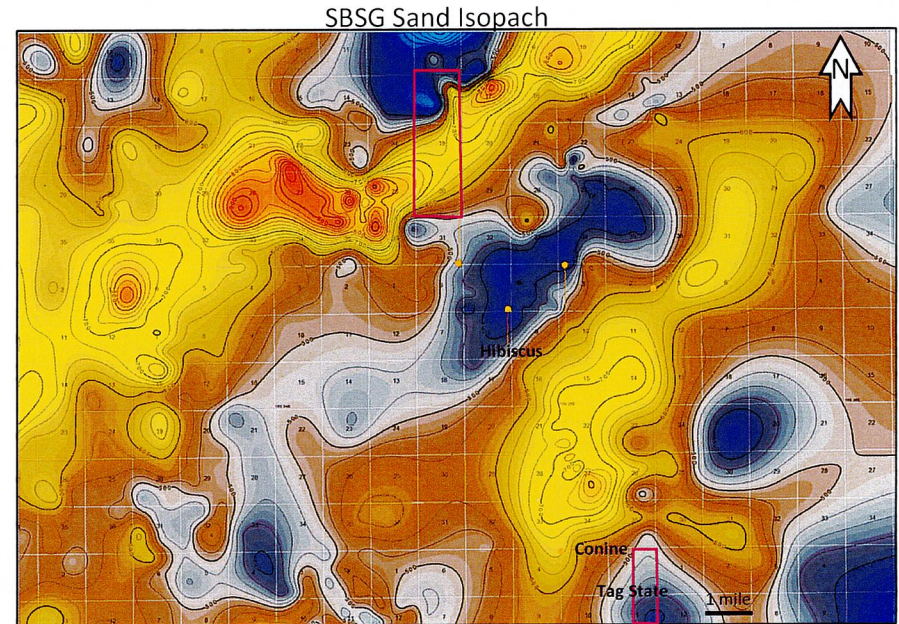
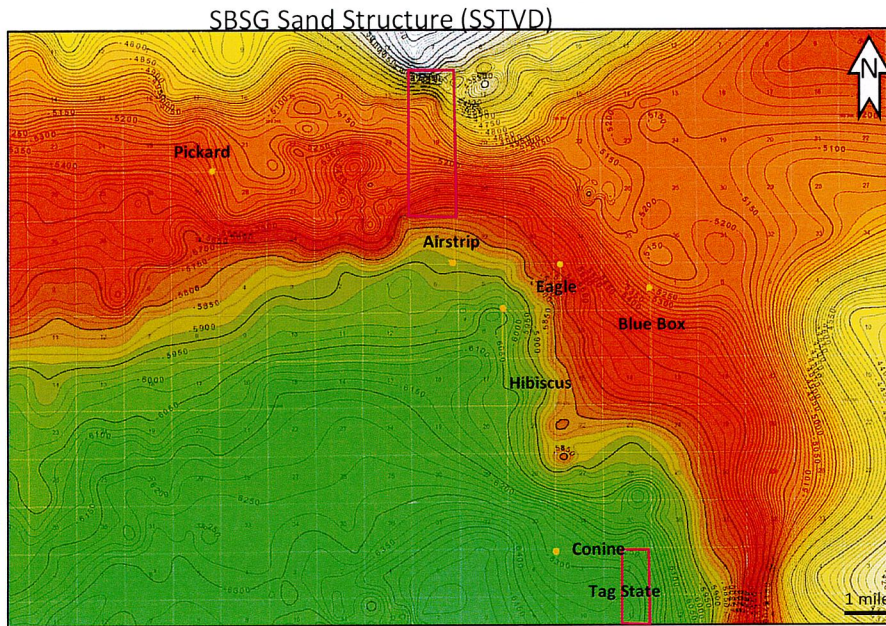
- MRC excluded Gold State 301H (in which they are partners and privy to the data) in their FBSG Comparison, presumably because it makes FME3 look worse
 - Gold 301H was shut in for 2 weeks due to gas takeaway constraints
 - Despite this hinderance the well's first six months are strong (14,565 barrels/1000')
- Despite MRC's attempts to disparage the Alpha State 304H, it is a high performing well
- FME3's Satellite State 301H, 302H, 303H and 304H wells are flowing back with very encouraging results

Well Name	Operator	Date of First Prod	Sum 6 Month Oil CUM	Lateral Length (ft)	6 Month Oil CUM/1000'
Gold State Com 301H	Franklin Mountain Energy	3/20/2024	126234	8667	14565

Rebuttal MRC Exhibits C8 & C9

FME3 Reb. 6

SBSG Sand: FME3 is approaching with caution while MRC is selectively choosing analog wells that skew data in its favor



- FME3's regional understanding of geologic drivers, landing zones, wells per bench and depletion all factor into cautiously approaching the Second Bone Spring Sand
- FME3's drilled wells, analyses and research has led us to understand that there are very different geologic factors driving well performance in SE vs NW
- FME3 is planning on drilling the Second Bone, but also drilling and/or proposing test wells for increased density spacing and multi-bench tests
 - Example: FME3's Tag State (currently drilling 2 SBSG Sand wells in multiple benches at increased density)
- MRC omits the Hibiscus 08 19 35 RN State Com 124H (3,087 barrels) and the Conine 03 20 35 RN 121H (9,738 barrels) SBSG Sand wells which:
 - Would have lowered MRC's average to 8,432 barrels/1000'

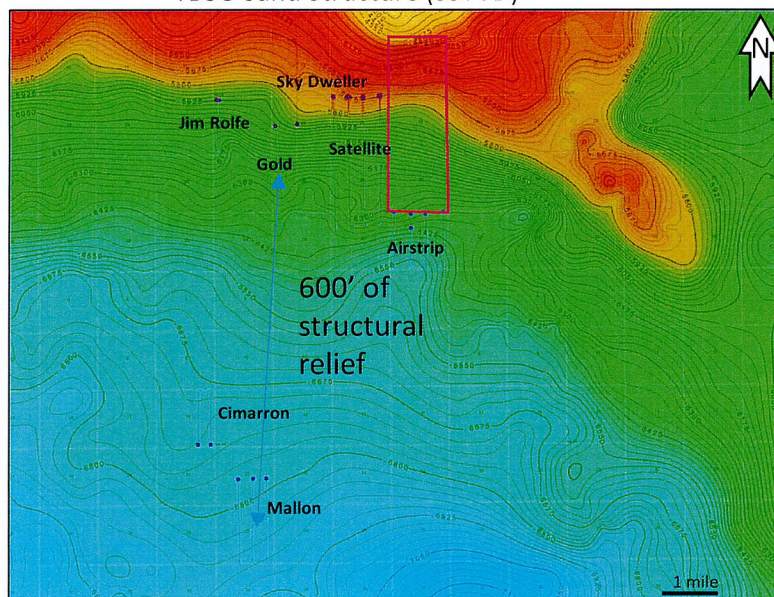
Well Name	Operator	Date of First Prod	Sum 6 Month Oil CUM	Lateral Length (ft)	6 Month Oil CUM/1000'
Conine 03 20 35 RN 121H	MATADOR RESOURCES	12/31/2015	44610	4581	9738
Hibiscus 08 19 35 RN State Com 124H	MATADOR RESOURCES	11/30/2015	15645	5068	3087

FME3 Reb. 7

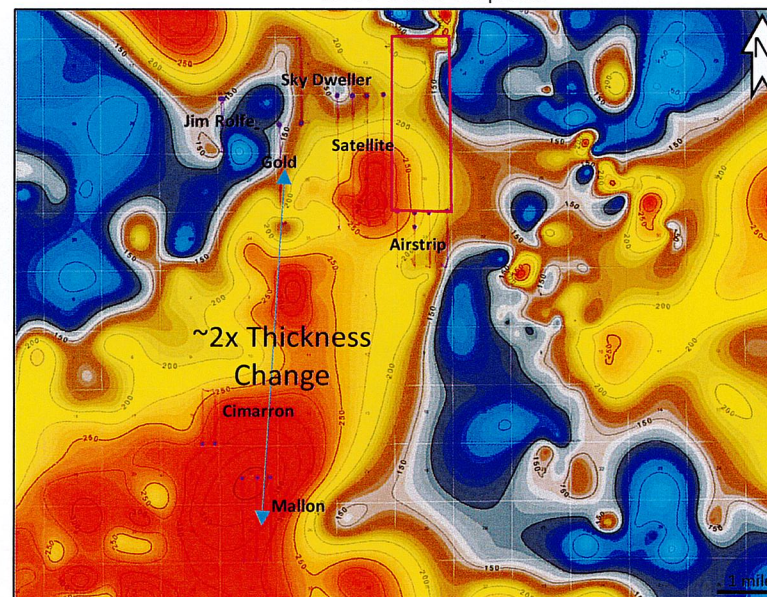
Rebuttal to MRC Exhibits C10 & C11

TBSG Sand: MRC is selectively choosing analog wells that skew data in its favor

TBSG Sand Structure (SSTVD)



TBSG Sand Isopach



- MRC includes Mallon and Cimarron wells in its comparison with FME3's Third Bone Sand wells on MRC exhibits C12 and C13
 - Mallon and Cimarron wells are approximately 4 miles south of Gold and Rope development areas, as shown on the map above
 - Mallon and Cimarron are 600' deeper than the Gold State 601H
 - Greater depths increase pressure dramatically and in extremely different geology in the heart of the TBSG Sand channel, meaning these wells are not a fair comparison to the FME3 Gold 601 well and skew the data to make MRC look better
- MRC omits the Jim Rolfe 22 18 34 RN State 131Y TBSG Sand well which:
 - As shown on the map above, is significantly closer to the Rope Development and in a similar geologic setting
 - Removing Cimarron and Mallon and adding Jim Rolfe would have lowered MRC's average to 12,479 barrels/1000'
 - FME's first six months of production is better than MRC's Jim Rolfe well, and after normalizing FME3's 601H for downtime, the production of 15,462,200 barrels/1000' is competitive with MRC's Airstrip TBSG wells
- Despite MRC's attempts to cast doubt on the Gold State 601H it remains a strong performing well
 - Gold 601H was shut in for 50 days due to gas constraints
- FME3's recent Satellite State 601H, 602H, 603H, and 604H are showing favorable initial results
- Avant/Lario's Sky Dweller 607H is located closer to Rope, and is also strong

Rebuttal to MRC Exhibits C12 & C13

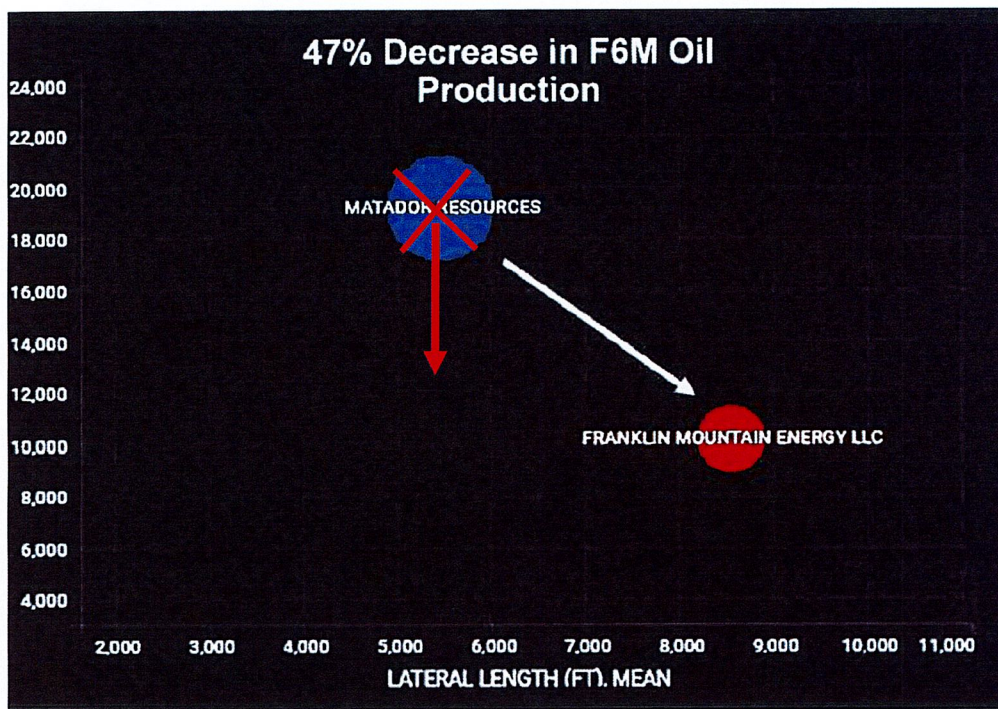
FME3 Reb. 8

TBSG Sand Data Table



MRC Average After Removing MRC Mallon and Cimarron, and adding Jim Rolf

UWI	Well Name	Operator	Date of First Pr	Sum 6 M	Lateral L	6 Month Oil CUM	10	Reservoir	Commei
30-025-42057	Jm Rolfe 22 18 34 RN State 131Y	MATADOR RESOURCES	10/1/2014	10237	3934	2602	TBSG Sand	Add	
30-025-45438	AIRSTIP 3118 35 RN STATE COM 134H	MATADOR RESOURCES	4/1/2019	51445	4,566	11,267	TBSG Sand		
30-025-44509	AIRSTIP 3118 35 RN STATE COM 131H	MATADOR RESOURCES	10/1/2018	66947	4557	14691	TBSG Sand		
30-025-43816	AIRSTIP 3118 35 RN STATE COM 132H	MATADOR RESOURCES	8/1/2017	80523	4376	18401	TBSG Sand		
30-025-44323	AIRSTIP 3118 35 RN STATE COM 133H	MATADOR RESOURCES	3/1/2018	67843	4396	15433	TBSG Sand		
						12478.83721			



Rebuttal to MRC Exhibits C12 & C13 (cont)

FME3 Reb. 8 (cont)

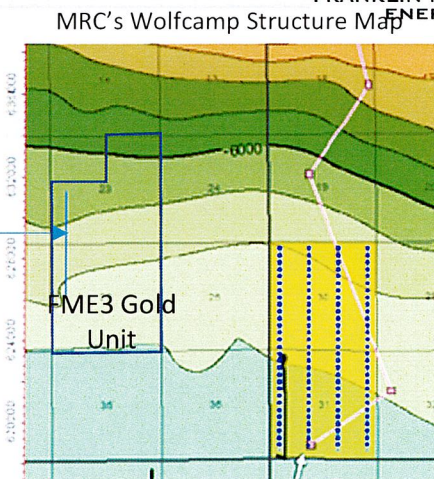
Gold 701H-FME3's Strength is in it's Experience

FME3 Reb. 9

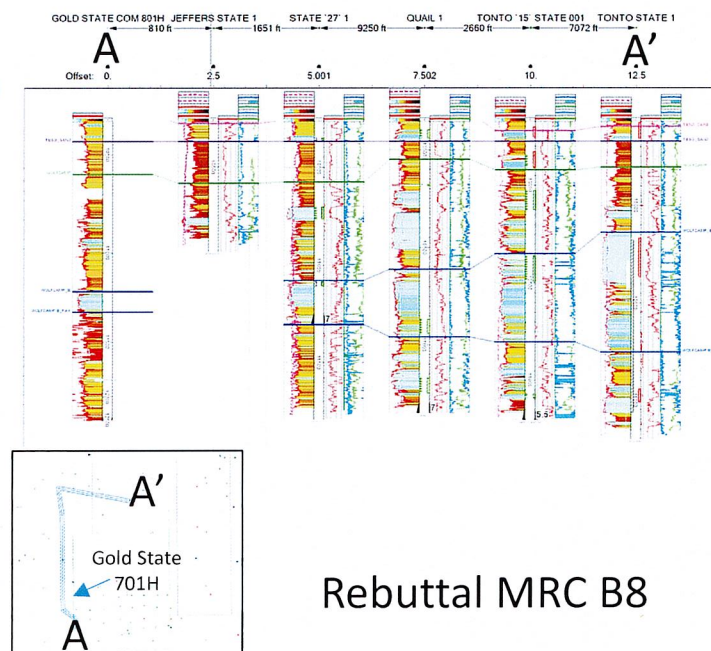
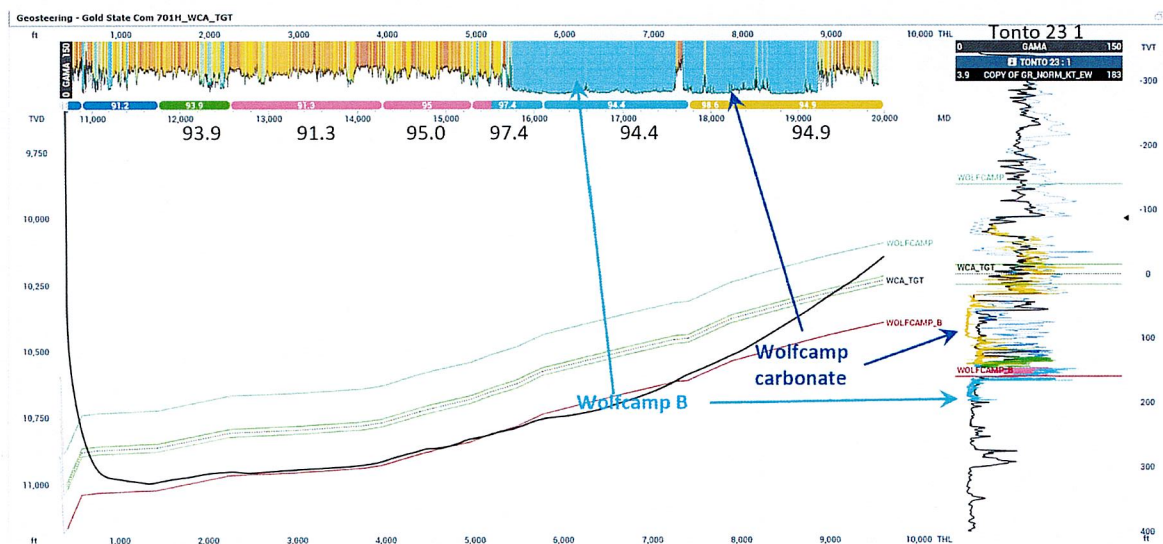


- FME3 employs internal geosteering experts, consultants in geosteering and geophysics, 3D seismic and careful geologic interpretations to ensure 24/7 operations on active rigs are executed and on plan
- FME3's Gold 701 was landed in the Wolfcamp A, we disagree with MRC's interpretation of the Wolfcamp B top
- FME3 also disagrees with MRC's geosteering interpretation of Gold 701H
 - MRC's interpretation relies on significant dips in upwards of 100° in the toe of the lateral
 - The dips in MRC's interpretation seem to disagree with their own Wolfcamp structure map; simple trigonometric analysis of MRC's map suggest dips between 94-95°
- MRC incorrectly places the well path in the Wolfcamp B and the Wolfcamp A Carbonate
- FME3 used Careful examination of the MWD log while using multiple type logs from wells at the heel and north of the toe reveals low gamma limestones in the toe half of the well aren't present in the curve landing
- Carbonate content in the toe half of the Gold 701H increased abruptly along depositional dip during drilling, this change is interpreted as a lateral facies change in the target zone of the lower Wolfcamp A
- Regional structural dip from FME3's interpretation agrees with both structural mapping from well formation tops and 3D seismic review
- FME3 has applied these lessons learned to our seismic calibration and is better positioned to handle the abrupt challenges of drilling in the northern Delaware Basin than MRC

Estimated toe half of Gold 701H (400' of elevation in 5280')



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-4
Submitted by: Matador Production Company
Hearing Date: November 20, 2024
Case Nos. 24778-24786

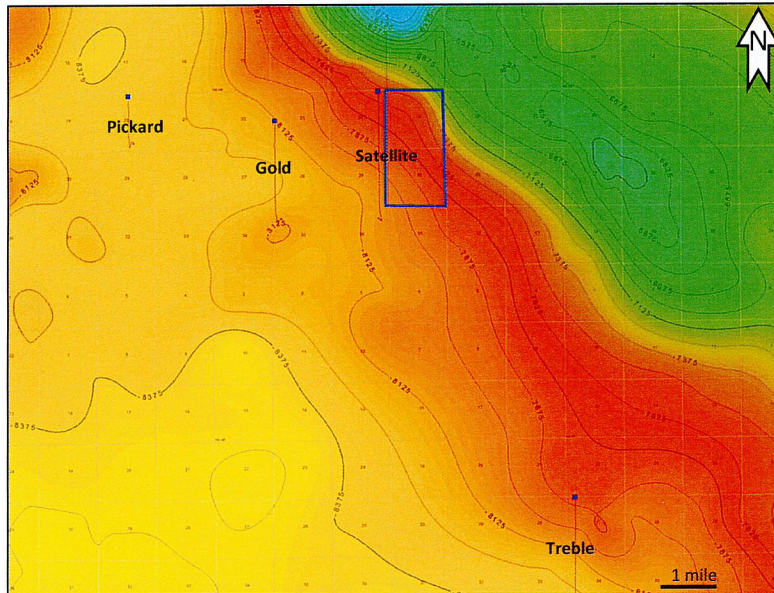


Rebuttal MRC B8

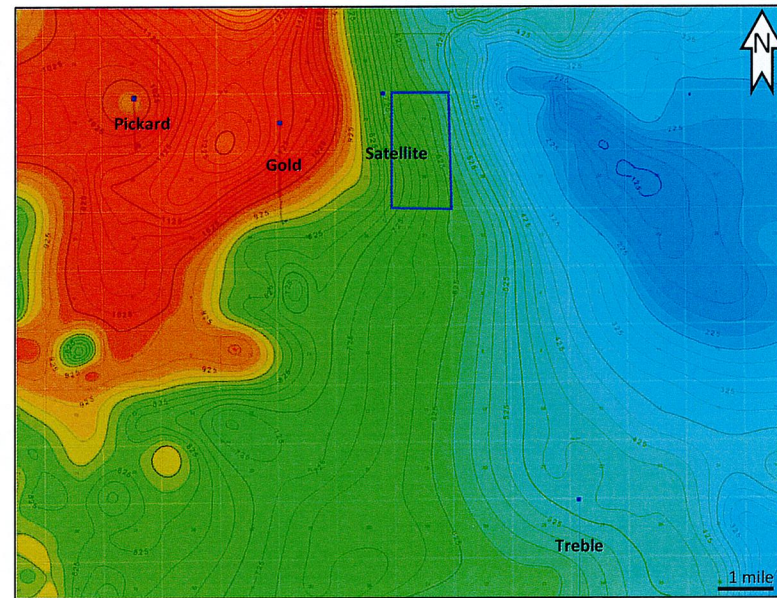


FME3 is actively testing the emerging Wolfcamp B/D target-while MRC is dormant

Wolfcamp Base Structure (SSTVD)



Wolfcamp B/D Isopach



- FME3 recently drilled and completed the Satellite State 804H in the Wolfcamp D-deepening the target landing zone by >100' relative to Treble and Gold
 - Results of the Satellite State 804H are encouraging thus far
 - MRC Compares their one western well drilled in 2014 with FME3 wells without noting the to the westerly change in structural dip and thickness, and the difference in landing zone targets.
 - MRC touted the Wolfcamp D over a decade ago, yet MRC hasn't touched this zone in 10 years, where have they been?
 - MRC Investor Report from Oct 14, 2014 "This initial test result on the Pickard State 20-18-24 #2H well, while modest when compared to Matador's Wolfcamp "A" results in Loving County, is still considered by the Company to be an important and positive...Given these positive and indicative results, Matador expects to continue to explore and test the Wolfcamp "D" in future wells in the northern Delaware Basin."
- <https://www.matadorresources.com/news-releases/news-release-details/matador-resources-company-provides-operational-update-and>

Rebuttal to MRC Exhs. C16 & C17

FME3 Reb. 10