



Before the Oil Conservation Division  
Examiner Hearing January 9, 2020

**Case No. 20982: Parade State 603H and Beauty Queen Fed  
Com 604H**

**Franklin Mountain Energy Case No. 20982**

**Table of Contents**

**Tab A: Landman Affidavit (Shelly Albrecht)**

**Tab 1-A: Application**

**Tab 1-B: Development Overview**

**Tab 2: C-102**

**Tab 3: Lease Tract Map and Interests**

**Tab 4: Proposal Letters**

**Tab 5: AFE**

**Tab 6: Notice Affidavit**

**Tab B: Geology Affidavit (Ben Kessel)**

**Tab 7: Locator Map**

**Tab 8: Wellbore Schematic**

**Tab 9: Geology Study**

- **Structure Map**
- **Reference Map for Cross-Section Wells**
- **Cross-Section**
- **Gross Interval Isochore**

**Tab 10: Stress Orientation Slide**

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

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

**CASE NO. 20982**

**(E/2 Bone Spring)**

**AFFIDAVIT**

STATE OF COLORADO                    )  
  ) ss.  
COUNTY OF DENVER                    )

Shelly Albrecht, being duly sworn, deposes and states:

1. I am over the age of 18, I am the Director of Land for Franklin Mountain Energy, LLC ("Franklin"), and I have personal knowledge of the matters stated herein. I have previously testified before the Oil Conservation Division ("Division") and I have been qualified by the Division as an expert petroleum landman.

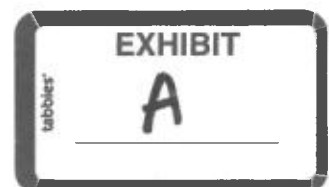
2. My area of responsibility at Franklin includes the area of Lea County in New Mexico.

3. I am familiar with the application filed by Franklin in this case.

4. 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 working interest owners into the horizontal spacing unit described below, and in the wells to be drilled in the unit.



7. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed 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 Bone Spring horizontal spacing unit underlying the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Parade State 603H** well and the **Beauty Queen Fed Com 604H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit 1-A**.

9. Franklin Mountain Energy 2, LLC has an 96.119394% interest in this unit.

10. Franklin is a contract operator of Franklin Mountain Energy 2, LLC.

11. Franklin Mountain Energy 2, LLC has authorized Franklin to be the operator of the wells in this unit.

12. The spacing unit and wells that Franklin is proposing in this case are part of a comprehensive development plan, covering the entirety of Sections 2 and 11 Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This case, along with cases 20983, and 20984 cover the E/2 of the Sections, and cases 29051, 20952, 20953 cover the W/2 of the Sections. The W/2 cases went to hearing on December 12, 2019. It is Franklin's intent to fully and efficiently develop the entirety of both Sections under its comprehensive development plan. I have prepared a Development Overview, which sets out the entire development plan. The Development Overview is attached as **Exhibit 1-B**.

13. Attached as **Exhibit 2** are the proposed C-102 for the wells. Also included in Exhibit 2 is a chart showing the wells' proposed first and last take points.

14. The C-102s identify the proposed surface hole location and bottom hole location. The C-102s also identify the pool and pool code.

15. The wells will develop the WC-025 G-09 S253502B, Lower Bone Spring, Pool Code 98185.

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

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

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

19. The proposed first take point for the Parade State 603H well is 793' FNL and 2566' FEL and the proposed last take point is 150' FSL and 2580' FEL. The producing area for the Parade State 603H well will be unorthodox. Franklin has applied for approval of the non-standard location.

20. The proposed first take point for the Beauty Queen Fed Com 604H well is 689' FNL and 1076' FEL and the proposed last take point is 150' FSL and 1080' FEL. The producing area for the Beauty Queen Fed Com 604H well will be orthodox.

21. The completed interval for the Beauty Queen Fed Com 604H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.

22. **Exhibit 3** includes a lease tract map outlining the unit being pooled. Exhibit 3 also includes the parties being pooled, the nature, and the percent of their interests.

23. Franklin seeks to pool only unleased mineral interest owners and overriding royalty interest owners. Franklin does not seek to pool any working interest owners because Franklin Mountain Energy 2, LLC is the sole working interest owner and is committed to the unit.

24. I have conducted a diligent search of the public records in the county where the wells are located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification, and mailed the working interest owners and unleased mineral owners well proposals, including an Authorization for Expenditure.

25. In our search, we identified several unprobated interests. We attempted to find the heirs by internet searches, phone directory searches, and searches of other publicly available information. We sent proposal letters to the addresses we were able to find for possible heirs. Also included in Exhibit 3 is a summary of contacts Franklin has had with potential unleased mineral owners.

26. I am continuing to work with unleased parties. Should any of the unleased parties choose to commit their interests to these wells, I will alert the Division of such developments.

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

28. **Exhibit 4** is the well proposal letter that I sent to the unleased mineral interest owners. The proposal letter identifies the proposed surface hole and bottom hole locations and approximate TVD/MD for the wells.

29. **Exhibit 5** contains the Authorization for Expenditure for the proposed wells. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

30. Franklin requests overhead and administrative rates of \$7000.00/month for drilling a well and \$700.00/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico. Franklin requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

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

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

33. Franklin requests that it be allowed a period of one (1) year between when the wells are drilled and when the first well is completed under the order.

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

35. **Exhibit 6** is an affidavit of notice prepared by counsel for Franklin that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs News-Sun newspaper, showing that notice of this hearing was published on December 22, 2019.

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

37. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

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

Shelly Albrecht  
Shelly Albrecht

SUBSCRIBED AND SWORN to before me this 20<sup>th</sup> day of December, 2019 by Shelly Albrecht on behalf of Franklin Mountain Energy, LLC.

Elliot Leslie Berard  
Notary Public

My commission expires: Jan. 7, 2021

ELLIOT LESLIE BERARD  
Notary Public  
State of Colorado  
Notary ID # 20094000627  
My Commission Expires 01-07-2021



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

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

CASE NO. 20982

**APPLICATION**

Franklin Mountain Energy, LLC ("FME"), OGRID Number 373910, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division ("Division") pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico.

In support of this application, FME states as follows:

1. FME has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FME seeks to dedicate the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico to form a 640-acre, more or less, spacing unit.
3. FME plans to drill the **Parade State 603H** and the **Beauty Queen Fed Com 604H** wells to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled.
4. The Parade State 603H well will not comply with the Division's setback requirements. FME has applied for administrative approval of the non-standard well location separately.



5. The Beauty Queen Fed Com 604H well will be drilled at an orthodox location under the Division's rules.

6. The completed interval for the Beauty Queen Fed Com 604H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.

7. FME 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.

8. 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.

9. FME further requests that it be allowed one (1) year between the time the first well is drilled and completion of the wells under the order issued by the Division.

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 9, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico;

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

C. Authorizing FME 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;

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;

F. Allowing a time period of one (1) year between when the first well is drilled and when the wells are completed under the order.

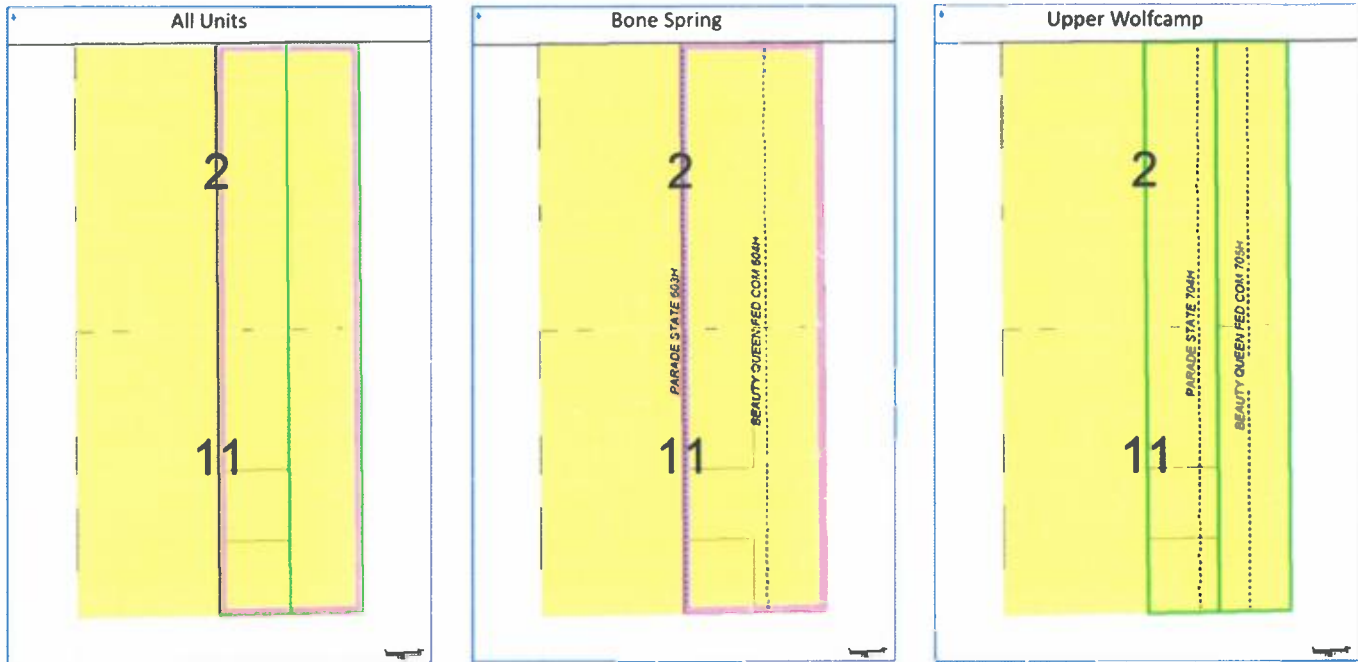
MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.




By: Deana M. Bennett  
Deana M. Bennett  
Nicole T. Russell  
Post Office Box 2168  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
*Attorneys for Applicant*

**CASE NO. \_\_\_\_: Application of Franklin Mountain Energy, LLC for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Parade State 603H** well and the **Beauty Queen Fed Com 604H** well, to be horizontally drilled. The producing area for the Parade State 603H well will be unorthodox. The producing area for the Beauty Queen Fed Com 604H well will 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, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the first well is drilled and when the wells are completed. Said area is located approximately 9 miles Northwest of Jal, New Mexico.

## Development Overview

Sections 2 & 11-25S-35E, Lea County, NM  
Case Nos. 20982, 20983 & 20984



-  Franklin Mountain Leasehold
-  Bone Spring Proration Unit
-  Wolfcamp Proration Unit



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	<sup>3</sup> Pool Name
	98185	WC-025 G-09 S253502B;LWR BONE SPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name	<sup>6</sup> Well Number
	PARADE STATE	603H
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name	<sup>9</sup> Elevation
373910	FRANKLIN MOUNTAIN ENERGY LLC	3244.0'

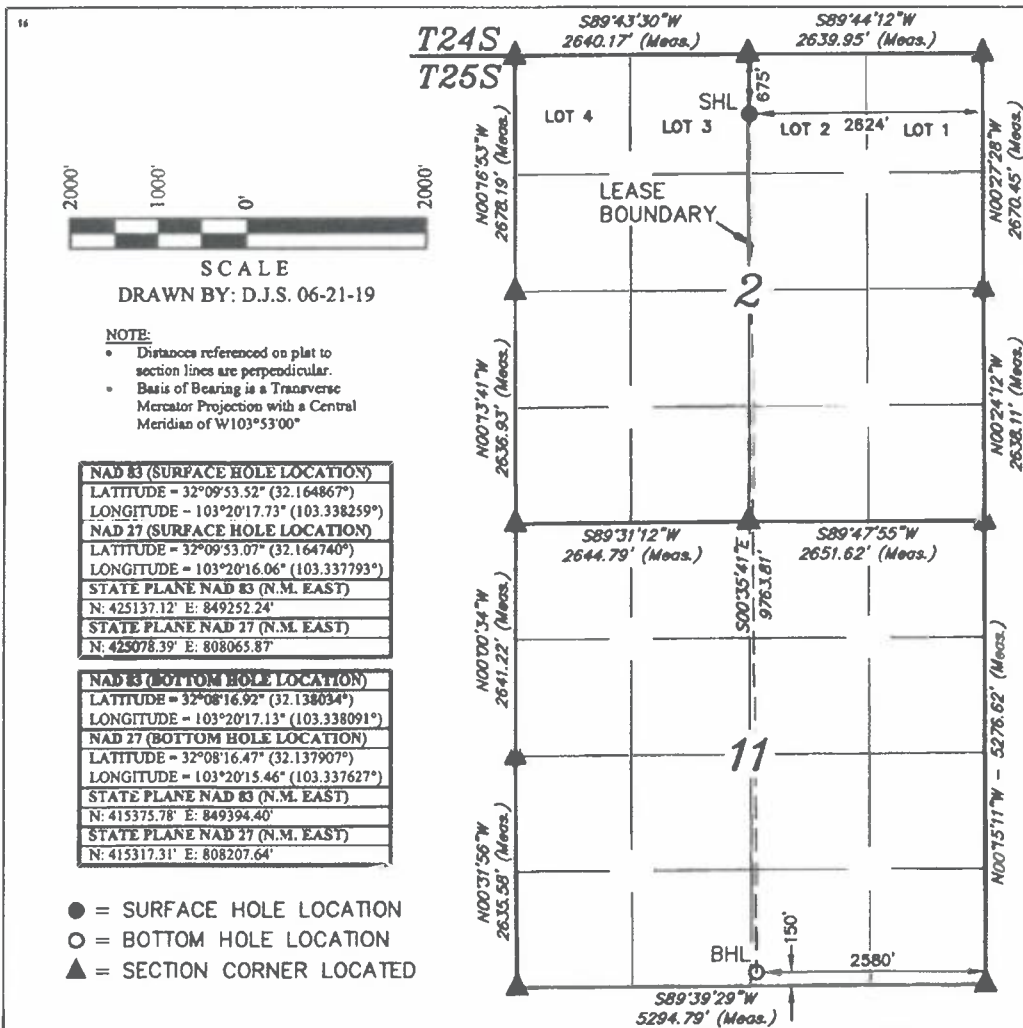
" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	2	25S	35E		675	NORTH	2624	EAST	LEA

" Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	11	25S	35E		150	SOUTH	2580	EAST	LEA
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						
640									

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



" OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Shelly Albrecht* Date: 7/23/2019

Printed Name: Shelly Albrecht

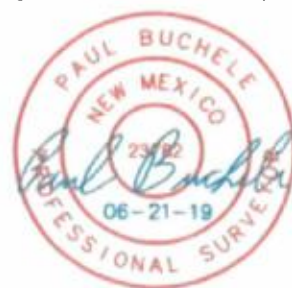
E-mail Address: salbrecht@fmlc.com

" SURVEYOR CERTIFICATION

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

June 19, 2019

Date of Survey  
Signature and Seal of Professional Surveyor:



EXHIBIT

2

12

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

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

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
	98185	WC-025 G-09 S253502B;LWR BONE SPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name	<sup>6</sup> Well Number
	BEAUTY QUEEN FED COM	604H
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name	<sup>9</sup> Elevation
373901	FRANKLIN MOUNTAIN ENERGY LLC	3259.1'

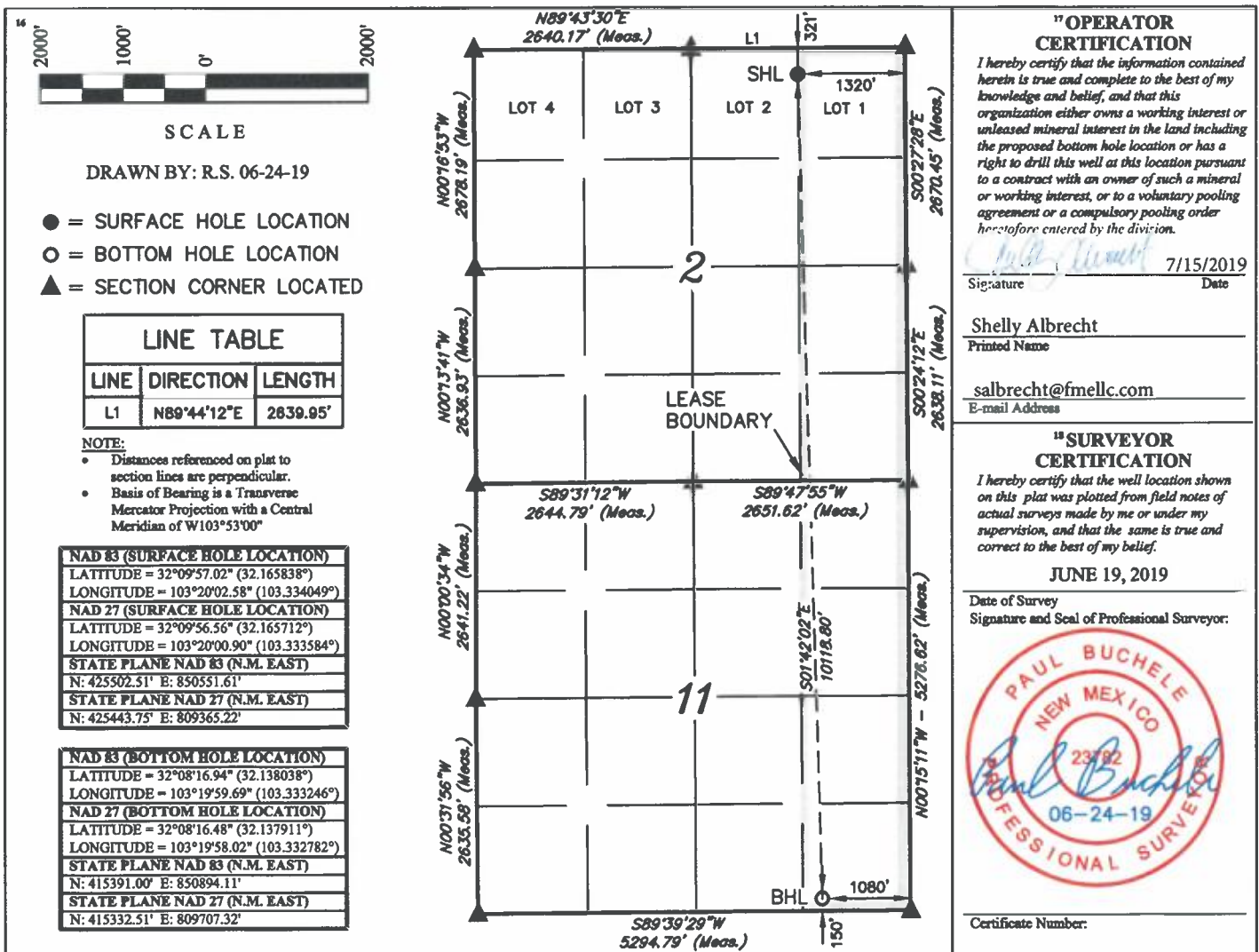
**10 Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	2	25S	35E		321	NORTH	1320	EAST	LEA

**11 Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	11	25S	35E		150	SOUTH	1080	EAST	LEA
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						
640									

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.



Well_Name	DSU	First Take Point_FTG	Last Take Point_FTG
Parade State 603H	W/2 E/2 Sec 2 & 11 T25S R35E	793' FNL 2566' FEL	150' FSL 2580' FEL
Beauty Queen Fed Com 604H	E/2 E/2 Sec 2 & 11 T25S R35E	689' FNL 1076' FEL	150' FSL 1080' FEL






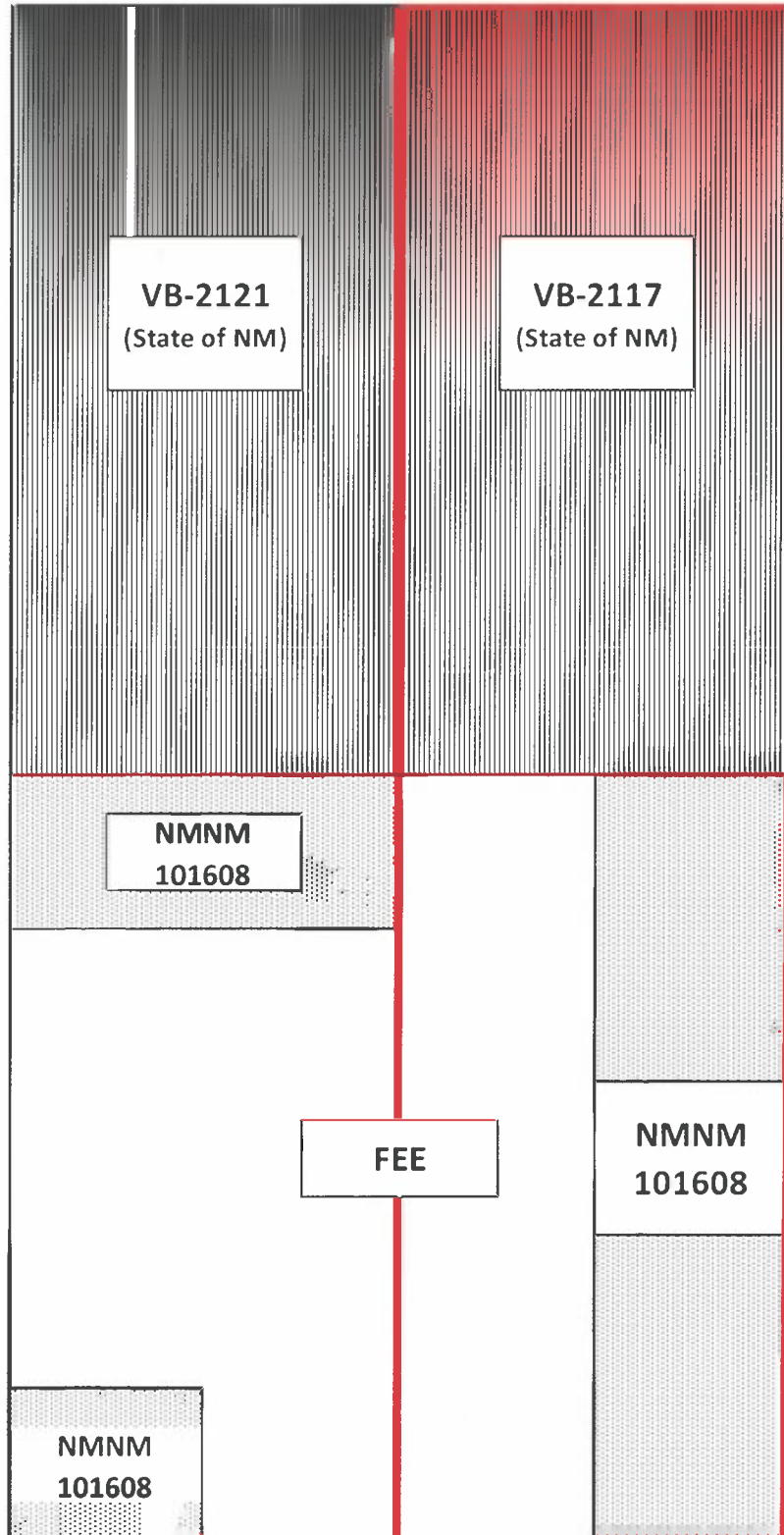
# Lease Tract Map

Case No. 20982

E/2 of Sections 2 & 11-25S-35E – 641.66 Gross Acres

Parade State 603H, Beauty Queen Fed Com 604H

State	
Federal	
FEE	



## Summary of Interests

Case No. 20982

E/2 of Sections 2 & 11-25S-35E – 641.66 Gross Acres

Parade State 603H, Beauty Queen Fed Com 604H

### Committed Working Interest

<u>Working Interest Owner</u>	<u>Interest</u>
Franklin Mountain Energy 2, LLC	96.119394%
<b>Total Committed Working Interest</b>	<b>96.119394%</b>

### Unleased (Uncommitted)

<b>Total Unleased</b>	<b>3.880606%</b>
<b>Total</b>	<b>100.000000%</b>



## Beauty Queen 604H /Parade State 603H

Name	Interest Type	Address	City	State	Zip
Franklin Mountain Energy 2, LLC	WI	2401 E 2nd Ave., Suite 300	Denver	CO	80206
Franklin Mountain Royalty Investments, LLC	UNL	2401 E 2nd Ave., Suite 300	Denver	CO	80206
Franklin Mountain Royalty Investments, LLC	UNL	2401 E 2nd Ave., Suite 300	Denver	CO	80206
Lawrence Edward Boulter, as his separate property	UNL	3736 Topeka Street	Riverbank	CA	95367
Lawrence Edward Boulter, as his separate property	UNI	236 N. 5th Ave.	Oakdale	CA	95361
Lawrence Edward Boulter, as his separate property	UNL	23307 W Arrow Dr. c/o James Troy Boulter	Buckeye	AZ	85326
Lawrence Edward Boulter, as his separate property	UNL	9925 Ulmerion Rd., c/o Jessie Ellen Boulter Crum	Largo	FL	33771
Lista Catherine Ammirati McDonald, as her separate property	UNL	3950 E. Midas Ave.	Rocklin	CA	95677
Sandia Minerals, LLC	UNL	2401 E 2nd Ave., Suite 300	Denver	CO	80206
The heirs or devisees of Dock C. Coates, deceased	UNL	Route 1	Midland	TX	
The heirs or devisees of Dock C. Coates, deceased c/o D.B. Coates	UNL	P.O. Box 1443	Lakeside	UT	85929
The heirs or devisees of Dock C. Coates, deceased c/o Irene Coates	UNL	609 Copper Ln.	Santaquin	UT	84655-56933
The heirs or devisees of Dock C. Coates, deceased c/o Irene Coates	UNL	475 S.300 W	Santaquin	UT	84655-8156
The heirs or devisees of Dock C. Coates, deceased c/o Irene Coates	UNL	499 W Pacific Dr	American Fork	UT	84003-1403
The heirs or devisees of Dock C. Coates, deceased c/o James Ronald Stanley	UNL	3608 North County Road 1130	Midland	TX	79705
The heirs or devisees of Dock C. Coates, deceased c/o Kimberly Franzoy Becker	UNL	3147 Adobe Dam Rd.	Phoenix	AZ	85027
The heirs or devisees of Dock C. Coates, deceased c/o Mary O. Coates	UNL	3719 S. Eunice Hwy	Hobbs	NM	88240
The heirs or devisees of Dock C. Coates, deceased c/o Sharon Lyde Miller	UNL	PO Box 666	Overton	NV	89040
The heirs or devisees of Dock C. Coates, deceased c/o Sharon Lyde Miller	UNL	780 E. Lee Ave.	Overton	NV	89040
The heirs or devisees of Dock C. Coates, deceased c/o Timothy G. Coates	UNL	PO Box 23	Red Rock	NM	88055
BC Operating, Inc.	ORRI	4000 N. Big Spring St. #310	Midland	TX	79705
Chilmark Properties, LLC	ORRI	110 W. Louisiana Ave., #404	Midland	TX	79701
Constitution Resources II, LP	ORRI	5707 Southwest Parkway	Austin	TX	78735
CrownRock Minerals, L.P.	ORRI	P.O. Box 51933	Midland	TX	79710
Encanto Minerals, LLC	ORRI	2929 Allen Parkway, Suite 200	Houston	TX	77019
Foundation Minerals, LLC	ORRI	P.O. Box 50820	Midland	TX	79710
Mavros Minerals II, LLC	ORRI	P.O. Box 50820	Midland	TX	79710
Monticello Minerals LLC	ORRI	5528 Vickery Blvd.	Dallas	TX	75206
Oak Valley Minerals and Land, LP	ORRI	P.O. Box 50820	Midland	TX	79710
Prevail Energy LLC	ORRI	521 Dexter St.	Denver	CO	80220
Rheiner Holdings, LLC	ORRI	P.O. Box 980552	Houston	TX	77098
Robert E. Landreth and wife, Donna P. Landreth	ORRI	110 W. Louisiana Ave. #404	Midland	TX	79701
Tierra Royalties, LLC	ORRI	2930 Allen Parkway, Suite 200	Houston	TX	77019
Viper Energy Partners, LLC	ORRI	500 W. Texas Ave., #1200	Midland	TX	79701

## **Summary of Attempted Contacts: Bone Spring E/2**

- Franklin Mountain Energy conducted extensive title work to determine the working interest owners and unleased mineral interest owners.
- Franklin Mountain Energy 2, LLC is the only working interest owner.
- The title work revealed many unprobated interests that potentially have unleased mineral interests.
- Franklin searched public records, phone directory, and various different types of internet searches to try to identify any potential heirs of the unprobated interests.
- Franklin sent well proposal letters to the estates and potential heirs it could identify on July 22, 2019 & October 11, 2019.
- Some of the letters Franklin sent out were returned undeliverable.
- Franklin has received phone calls and other communication from many of the potential heirs Franklin has contacted.
- Franklin filed an application to force pool parties who had not entered in to an agreement.
- Franklin's counsel sent notices of the force pooling application to the addresses of record for the unleased mineral owners, as well as any potential heirs Franklin had identified.
- Franklin has continued to receive phone calls and other communication from potential heirs. Franklin continues to work with those potential heirs to review their potential ownership.
- Franklin also published notice in a newspaper of general circulation in the county where the wells will be located.



July 22, 2019

Lawrence Edward Boulter, as his separate property  
c/o James Troy Boulter  
23307 W Arrow Dr.  
Buckeye, AZ 85326

RE: Parade State 603H Well Proposal  
Township 25 South, Range 35 East, Sections 2 & 11: E/2  
Lea County, New Mexico

Dear Working Interest Owner:

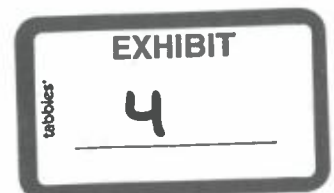
Franklin Mountain Energy, LLC ("FME"), as Operator, hereby proposes the drilling and completion of the Parade State 603H well ("Well") to test the Third Bone Spring formation at a total vertical depth of 11,790' and a measured depth of 21,655' ("Operation"). The Well will be drilled from a SHL approximately 625' FNL & 2,622' FEL in Section 2-T25S-R35E to a BHL approximately 150' FSL & 2,580' FEL in Section 11-T25S-R35E. The total estimated costs associated with the Operation are \$10,561,225, as detailed on the enclosed Authority for Expenditure dated June 7, 2019 ("AFE").

Additionally, FME hereby proposes the aforementioned operations under the terms of a modified 1989 AAPL Form 610 Model Form Operating Agreement ("OA") with the following general provisions:

- Contract Area: Township 25 South, Range 35 East, Sections 2 & 11: E/2
- 100%/300%/300% non-consent risk penalties
- \$7,000.00/\$700.00 drilling and producing overhead rates
- Franklin Mountain Energy, LLC listed as the Operator

FME 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. Should there be any modifications to the plans listed above, FME will notify you.

If you do NOT wish to participate, FME proposes to acquire your interest at the following terms, on a mutually agreeable conveyance form:





Please indicate your elections on the following page and return to Shelly Albrecht at [salbrecht@fmeenergy.com](mailto:salbrecht@fmeenergy.com) or to the address provided below at your earliest convenience. Should you elect to participate, please also return executed versions of the AFE enclosed as well as the OA proposed herein.

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

Should you have any questions, please contact the undersigned at (720) 414-7855 or by email at the address mentioned above.

Respectfully,

Franklin Mountain Energy, LLC

Shelly Albrecht, CPL  
Director of Land

Enclosures



**Parade State 603H:**

\_\_\_\_\_ I/We hereby elect to participate in the Parade State 603H well.

\_\_\_\_\_ I/We hereby elect **NOT** to participate in the Parade State 603H well.

\_\_\_\_\_ I/We hereby elect to sell our interest.

**Working Interest Owner:** \_\_\_\_\_

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

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

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

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





July 22, 2019

Lawrence Edward Boulter, as his separate property  
c/o James Troy Boulter  
23307 W Arrow Dr.  
Buckeye, AZ 85326

RE: Beauty Queen Federal 604H Well Proposal  
Township 25 South, Range 35 East, Sections 2 & 11: E/2  
Lea County, New Mexico

Dear Working Interest Owner:

Franklin Mountain Energy, LLC ("FME"), as Operator, hereby proposes the drilling and completion of the Beauty Queen Federal 604H well ("Well") to test the Third Bone Spring formation at a total vertical depth of 11,730' and a measured depth of 21,595' ("Operation"). The Well will be drilled from a SHL approximately 300' FNL & 1,320' FEL in Section 2-T25S-R35E to a BHL approximately 150' FSL & 1,080' FEL in Section 11-T25S-R35E. The total estimated costs associated with the Operation are \$10,561,225, as detailed on the enclosed Authority for Expenditure dated June 7, 2019 ("AFE").

Additionally, FME hereby proposes the aforementioned operations under the terms of a modified 1989 AAPL Form 610 Model Form Operating Agreement ("OA") with the following general provisions:

- Contract Area: Township 25 South, Range 35 East, Sections 2 & 11: E/2
- 100%/300%/300% non-consent risk penalties
- \$7,000.00/\$700.00 drilling and producing overhead rates
- Franklin Mountain Energy, LLC listed as the Operator

FME 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. Should there be any modifications to the plans listed above, FME will notify you.

If you do NOT wish to participate, FME proposes to acquire your interest at the following terms, on a mutually agreeable conveyance form:





Please indicate your elections on the following page and return to Shelly Albrecht at [salbrecht@fme LLC.com](mailto:salbrecht@fme LLC.com) or to the address provided below at your earliest convenience. Should you elect to participate, please also return executed versions of the AFE enclosed as well as the OA proposed herein.

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

Should you have any questions, please contact the undersigned at (720) 414-7855 or by email at the address mentioned above.

Respectfully,

Franklin Mountain Energy, LLC

Shelly Albrecht, CPL  
Director of Land

Enclosures



**Beauty Queen Federal 604H:**

- ☐ I/We hereby elect to participate in the Beauty Queen Federal 604H well.  
☐ I/We hereby elect **NOT** to participate in the Beauty Queen Federal 604H well.  
  
☐ I/We hereby elect to sell our interest.

**Working Interest Owner:** \_\_\_\_\_

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

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

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

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





Franklin Mountain Energy, LLC  
2401 E 2nd Avenue, Suite 400  
Denver, CO 80206  
Phone: 770-416-7868  
franklinmountainenergy.com

### AUTHORITY FOR EXPENDITURE

Well Name: Parade State 603H  
Location: SHL: Sec 7-T25S-R35E 62S FNL 2622' FEL  
BHL: Sec 11-T25S-R35E 150' FSL 2580' FEL  
Operator: Franklin Mountain Energy, LLC  
Purpose: Drill and complete a 9500' BS3 well with 1750 lbw/ft slickwater  
frac. TVD 11790', MD 21655'

Well #: 603H  
County/State: Lea Co., NM  
Date Prepared: 6/7/2019  
AFE #: DCE190623

Intangible Drilling Costs				Intangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$12,500	240	5	ADMINISTRATIVE OVERHEAD	\$12,500
225	10	CASING CREW & EQPT	\$35,000	240	10	CASED HOLE LOGS & SURVEYS	\$15,000
225	15	CEMENTING INTERMEDIATE CASING	\$60,000	240	15	CASING CREW & EQPT	\$0
225	20	CEMENTING SURFACE CASING	\$30,000	240	20	COILED TUBING/SUBBINI UNIT	\$130,000
225	25	COMMUNICATIONS	\$15,000	240	25	COMMUNICATIONS	\$15,000
225	30	COMPLETION FLUIDS	\$45,000	240	30	COMPANY DIRECT LABOR	\$15,000
225	40	CONTRACT LABOR	\$30,000	240	35	COMPLETION/WORKOVER RIG	\$50,000
225	45	DAMAGES	\$0	240	45	CONTRACT LABOR/ROUSTABOUTS	\$0
225	50	DAYWORK CONTRACT	\$736,000	240	50	DAMAGES/RECLAMATION	\$25,000
225	55	DRILLING - DIRECTIONAL	\$420,000	240	55	DISPOSAL SOLIDS	\$0
225	60	DRILLING - FOOTAGE	\$0	240	60	ELECTRICAL POWER/GENERATION	\$0
225	65	DRILLING BITS	\$105,000	240	65	ENVIRONMENTAL CLEANUP	\$0
225	70	ELECTRICAL POWER/GENERATION	\$60,000	240	70	FISHING TOOLS / SERVICES	\$0
225	75	ENGINEERING	\$15,000	240	75	FUEL, POWER/DIESEL	\$200,000
225	80	ENVIRONMENTAL SERVICES	\$0	240	80	HEALTH & SAFETY	\$10,000
225	85	EQUIPMENT RENTAL	\$122,500	240	85	HOUSING AND SUPPORT SERVICES	\$0
225	90	FISHING TOOLS/SERVICES	\$0	240	90	MATERIALS & SUPPLIES	\$0
225	95	HEALTH & SAFETY	\$0	240	95	MISCELLANEOUS	\$50,000
225	100	HOUSING AND SUPPORT SERVICES	\$45,000	240	100	MUD & CHEMICALS	\$0
225	105	INSURANCE	\$16,000	240	110	P&A/TA COSTS	\$0
225	11	LEGAL, TITLE SERVICES	\$5,000	240	115	PERFORATING/WIRELINE SERVICE	\$200,000
225	115	MATERIALS & SUPPLIES	\$0	240	120	PIPE INSPECTION	\$25,000
225	120	MISCELLANEOUS	\$0	240	125	ROAD, LOCATIONS REPAIRS	\$25,000
225	125	MOUSE/RATHOLE/CONDUCT PIPE	\$5,000	240	130	SIMULATION	\$4,400,000
225	130	MUD & CHEMICALS	\$120,000	240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$0
225	140	OPENHOLE LOGGING	\$100,000	240	140	SUPERVISION	\$42,000
225	145	PERMITS, LICENSES, ETC	\$2,000	240	145	SURFACE EQUIP RENTAL	\$40,000
225	150	POWER FUEL & WATER HAULING	\$0	240	150	TRANSPORTATION/TRUCKING	\$20,000
225	155	RIG MOVE & RACKING COSTS	\$200,000	240	155	WATER HEATING	\$0
225	160	RIG UP TEAR OUT & STANDBY	\$50,000	240	160	WELDING SERVICES	\$0
225	165	STAKING & SURVEYING	\$6,000	240	165	WELL TESTING/FLOWBACK	\$100,000
225	170	SUPERVISION	\$96,000	240	40	CONTINGENCY COSTS 5%	\$268,725
225	175	SUPERVISION - GEOLOGICAL	\$24,000				
225	180	TRANSPORTATION/TRUCKING	\$25,000				
225	35	CONTINGENCY 5%	\$118,500				
Total Intangible Drilling Costs:			\$2,488,500	Total Intangible Completion Costs:			\$5,643,725

Tangible Drilling Costs				Tangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
230	5	CONSTRUCTION/LOCATION & ROAD	\$80,000	245	5	ARTIFICIAL LIFT	\$250,000
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$285,000	245	10	ENGINEERING	\$10,000
230	20	PACKERS-SLEEVES/PLUGS	\$0	245	15	FLOWLINES	\$10,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$590,000	245	20	FLUIDS HAULING/DISPOSAL	\$135,000
230	30	SITE RESTORATION	\$0	245	25	FRAC STRING	\$50,000
230	35	SURFACE CASING & ATTACHMENTS	\$65,000	245	30	FRAC WATER/COMPLETION FLUID	\$360,000
230	40	TAXES	\$0	245	40	PACKERS-SLEEVES/PLUGS/GI MANDRELS	\$25,000
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$30,000	245	45	PRODUCTION LINER	\$0
Total Tangible Drilling Costs:			\$1,040,000	245	50	PRODUCTION PROCESSING FACILITY	\$0
Office Use Only:				245	55	PRODUCTION TUBING	\$55,000
				245	60	RODS/PUMPS	\$0
				245	65	SUBSURFACE EQUIPMENT	\$0
				245	70	TAXES	\$0
				245	75	WELLHEAD EQUIPMENT	\$20,000
Total Tangible Completion Costs:			\$915,000				

Lease and Well Equipment Costs			
Major	Minor	Description	Amount
250	5	ADMINISTRATIVE OVERHEAD	\$12,500
250	10	AUTOMATION/TELEMETRY/METERING	\$50,000
250	15	COMMUNICATIONS	\$5,000
250	20	COMPANY DIRECT LABOR	\$0
250	25	COMPRESSORS	\$0
250	35	CONTRACT LABOR/ROUSTABOUTS	\$10,000
250	40	DAMAGES/RECLAMATION	\$5,000
250	45	DIAGNOSTIC EQUIPMENT	\$0
250	50	DISPOSAL SOLIDS	\$0
250	55	ELECTRICAL	\$20,000
250	60	ELECTRICAL POWER/GENERATION	\$50,000
250	65	ENGINEERING	\$15,000
250	70	ENVIRONMENTAL CLEANUP	\$25,000
250	75	FLOWLINES	\$25,000
250	80	FLUIDS HAULING/DISPOSAL	\$10,000
250	85	FUEL, POWER/DIESEL	\$0
250	90	HEALTH & SAFETY	\$2,000
250	95	HOUSING AND SUPPORT SERVICES	\$1,500
250	100	MATERIALS & SUPPLIES	\$25,000
250	110	NON OPERATED	\$0
250	115	PIPE VALVES/FITTINGS	\$15,000
250	120	PIPELINE & METERING	\$50,000
250	125	PRODUCTION PROCESSING FACILITY	\$0
250	130	PUMPS (SURFACE)	\$20,000
250	135	ROAD, LOCATIONS REPAIRS	\$10,000
250	140	SUBSURFACE EQUIPMENT	\$15,000
250	145	SUPERVISION	\$25,000
250	150	TANKS WALKWAYS, STAIRS, BUILDING STRUCTURES	\$60,000
250	155	TAXES	\$0
250	160	TRANSPORTATION/TRUCKING	\$5,000
250	165	WELDING SERVICES	\$3,500
250	170	WELLHEAD EQUIPMENT	\$15,000
Total Lease and Well Equipment Costs:			\$474,500

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

Operator: Franklin Mountain Energy, LLC  
Approved By: David Ramden-Wood  
Chief Operating Officer

Date: 6/7/2019

WT Owner: \_\_\_\_\_  
Approved By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

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

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





Franklin Mountain Energy, LLC  
2401 E 2nd Avenue, Suite 300  
Denver, CO 80206  
Phone: 720-414-7868  
franklinmountainenergy.com

#### AUTHORITY FOR EXPENDITURE

Well Name: Parade Site 603H  
Location: SHL Sec 2-T2S-R3SE 62S FNL 2622' FEL  
BHL Sec 11-T2S-R3SE 130' FSL 2580' FEL  
Operator: Franklin Mountain Energy, LLC  
Purpose: Drill and complete a 9500' BS1 well with 1750 lbs-ft Slackwater  
frac. TVD 11790', MD 21655'

Well #: 603H  
County/State: Lea Co., NM  
Date Prepared: 6/7/2019  
AFE #: DCE190623

Intangible Drilling Costs				Intangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$12,500	240	5	ADMINISTRATIVE OVERHEAD	\$12,500
225	10	CASING CREW & EQPT	\$35,000	240	10	CASED HOLE LOGS & SURVEYS	\$15,000
225	15	CEMENTING INTERMEDIATE CASING	\$60,000	240	15	CASING CREW & EQPT	\$0
225	20	CEMENTING SURFACE CASING	\$20,000	240	20	COILED TUBING SNUBBING UNIT	\$130,000
225	25	COMMUNICATIONS	\$15,000	240	25	COMMUNICATIONS	\$15,000
225	30	COMPLETION FLUIDS	\$45,000	240	30	COMPANY DIRECT LABOR	\$15,000
225	40	CONTRACT LABOR	\$30,000	240	35	COMPLETION WORKOVER RIG	\$50,000
225	45	DAMAGES	\$0	240	45	CONTRACT LABOR/ROUSTABOUTS	\$0
225	50	DAYWORK CONTRACT	\$736,000	240	50	DAMAGES RECLAMATION	\$25,000
225	55	DRILLING - DIRECTIONAL	\$420,000	240	55	DISPOSAL SOLIDS	\$0
225	60	DRILLING - FOOTAGE	\$0	240	60	ELECTRICAL POWER/GENERATION	\$0
225	65	DRILLING BITS	\$105,000	240	65	ENVIRONMENTAL CLEANUP	\$0
225	70	ELECTRICAL POWER/GENERATION	\$60,000	240	70	FISHING TOOLS / SERVICES	\$0
225	75	ENGINEERING	\$15,000	240	75	FUEL, POWER/DIESEL	\$200,000
225	80	ENVIRONMENTAL SERVICES	\$0	240	80	HEALTH & SAFETY	\$10,000
225	85	EQUIPMENT RENTAL	\$122,500	240	85	HOUSING AND SUPPORT SERVICES	\$0
225	90	FISHING TOOLS-SERVICES	\$0	240	90	MATERIALS & SUPPLIES	\$0
225	95	HEALTH & SAFETY	\$0	240	95	MISCELLANEOUS	\$50,000
225	100	HOUSING AND SUPPORT SERVICES	\$45,000	240	100	MUD & CHEMICALS	\$0
225	105	INSURANCE	\$16,000	240	110	P&A COSTS	\$0
225	11	LEGAL, TITLE SERVICES	\$5,000	240	115	PERFORATING WIRELINE SERVICE	\$200,000
225	115	MATERIALS & SUPPLIES	\$0	240	120	PIPE INSPECTION	\$25,000
225	120	MISCELLANEOUS	\$0	240	125	ROAD, LOCATIONS REPAIRS	\$25,000
225	125	MOUSE/HATHOLE CONDUCT PIPE	\$5,000	240	130	STIMULATION	\$4,400,000
225	130	MUD & CHEMICALS	\$120,000	240	135	SUBSURFACE EQUIPMENTAL RENTAL	\$0
225	140	OPENHOLE LOGGING	\$100,000	240	140	SUPERVISION	\$42,000
225	145	PERMITS, LICENSES, ETC	\$2,000	240	145	SURFACE EQUIP RENTAL	\$40,000
225	150	POWER FUEL & WATER HAULING	\$0	240	150	TRANSPORTATION/TRUCKING	\$20,000
225	155	RIG MOVE & RACKING COSTS	\$200,000	240	155	WATER HEATING	\$0
225	160	RIG UP TEAR OUT & STANDBY	\$50,000	240	160	WELDING SERVICES	\$0
225	165	STAKING & SURVEYING	\$6,000	240	165	WELL TESTING/FLOWBACK	\$100,000
225	170	SUPERVISION	\$96,000	240	40	CONTINGENCY COSTS 5%	\$268,725
225	175	SUPERVISION - GEOLOGICAL	\$24,000				
225	180	TRANSPORTATION/TRUCKING	\$25,000				
225	35	CONTINGENCY 5%	\$118,500				
Total Intangible Drilling Costs:			\$2,488,500	Total Intangible Completion Costs:			\$5,645,225

Tangible Drilling Costs				Tangible Completion Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
230	5	CONSTRUCTION/LOCATION & ROAD	\$80,000	245	5	ARTIFICIAL LIFT	\$250,000
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$285,000	245	10	ENGINEERING	\$10,000
230	20	PACKERS/SLEEVES-PLUGS	\$0	245	15	FLOWLINES	\$10,000
230	25	PRODUCTION CASING & ATTACHMENTS	\$580,000	245	20	FLUIDS HAULING/DISPOSAL	\$135,000
230	30	SITE RESTORATION	\$0	245	25	FRAC STRING	\$50,000
230	35	SURFACE CASING & ATTACHMENTS	\$65,000	245	30	FRAC WATER/COMPLETION FLUID	\$360,000
230	40	TAXES	\$0	245	40	PACKERS/SLEEVES PLUGS-GL MANDRELS	\$25,000
230	45	WELLHEAD EQUIPMENT CASING BOWL	\$30,000	245	45	PRODUCTION LINER	\$0
Total Tangible Drilling Costs:			\$1,040,000	245	50	PRODUCTION PROCESSING FACILITY	\$0
Office Use Only:				245	55	PRODUCTION TUBING	\$55,000
				245	60	RODS/PUMPS	\$0
				245	65	SUBSURFACE EQUIPMENT	\$0
				245	70	TAXES	\$0
				245	75	WELLHEAD EQUIPMENT	\$20,000
Total Tangible Completion Costs:							\$915,000

Lessor and Well Equipment Costs				Lessor and Well Equipment Costs			
Major	Minor	Description	Amount	Major	Minor	Description	Amount
250	5	ADMINISTRATIVE OVERHEAD	\$12,500	250	5	ADMINISTRATIVE OVERHEAD	\$12,500
250	10	AUTOMATION/TELEMETRY/METERING	\$50,000	250	10	AUTOMATION/TELEMETRY/METERING	\$50,000
250	15	COMMUNICATIONS	\$5,000	250	15	COMMUNICATIONS	\$5,000
250	20	COMPANY DIRECT LABOR	\$0	250	20	COMPANY DIRECT LABOR	\$0
250	25	COMPRESSORS	\$0	250	25	COMPRESSORS	\$0
250	35	CONTRACT LABOR/ROUSTABOUTS	\$10,000	250	35	CONTRACT LABOR/ROUSTABOUTS	\$10,000
250	40	DAMAGES RECLAMATION	\$5,000	250	40	DAMAGES RECLAMATION	\$5,000
250	45	DIAGNOSTIC EQUIPMENT	\$0	250	45	DIAGNOSTIC EQUIPMENT	\$0
250	50	DISPOSAL SOLIDS	\$0	250	50	DISPOSAL SOLIDS	\$0
250	55	ELECTRICAL	\$20,000	250	55	ELECTRICAL	\$20,000
250	60	ELECTRICAL POWER/GENERATION	\$50,000	250	60	ELECTRICAL POWER/GENERATION	\$50,000
250	65	ENGINEERING	\$15,000	250	65	ENGINEERING	\$15,000
250	70	ENVIRONMENTAL CLEANUP	\$25,000	250	70	ENVIRONMENTAL CLEANUP	\$25,000
250	75	FLOWLINES	\$25,000	250	75	FLOWLINES	\$25,000
250	80	FLUIDS HAULING/DISPOSAL	\$10,000	250	80	FLUIDS HAULING/DISPOSAL	\$10,000
250	85	FUEL, POWER/DIESEL	\$0	250	85	FUEL, POWER/DIESEL	\$0
250	90	HEALTH & SAFETY	\$2,000	250	90	HEALTH & SAFETY	\$2,000
250	95	HOUSING AND SUPPORT SERVICES	\$1,500	250	95	HOUSING AND SUPPORT SERVICES	\$1,500
250	100	MATERIALS & SUPPLIES	\$25,000	250	100	MATERIALS & SUPPLIES	\$25,000
250	110	NON OPERATED	\$0	250	110	NON OPERATED	\$0
250	115	PIPE VALVES/FITTINGS	\$15,000	250	115	PIPE VALVES/FITTINGS	\$15,000
250	120	PIPELINE & METERING	\$50,000	250	120	PIPELINE & METERING	\$50,000
250	125	PRODUCTION PROCESSING FACILITY	\$0	250	125	PRODUCTION PROCESSING FACILITY	\$0
250	130	PUMPS (SURFACE)	\$20,000	250	130	PUMPS (SURFACE)	\$20,000
250	135	ROAD, LOCATIONS REPAIRS	\$10,000	250	135	ROAD, LOCATIONS REPAIRS	\$10,000
250	140	SUBSURFACE EQUIPMENT	\$15,000	250	140	SUBSURFACE EQUIPMENT	\$15,000
250	145	SUPERVISION	\$25,000	250	145	SUPERVISION	\$25,000
250	150	TANKS WALKWAYS, STAIRS, BUILDING STRUCTURES	\$60,000	250	150	TANKS WALKWAYS, STAIRS, BUILDING STRUCTURES	\$60,000
250	155	TAXES	\$0	250	155	TAXES	\$0
250	160	TRANSPORTATION/TRUCKING	\$5,000	250	160	TRANSPORTATION/TRUCKING	\$5,000
250	165	WELDING SERVICES	\$3,500	250	165	WELDING SERVICES	\$3,500
250	170	WELLHEAD EQUIPMENT	\$15,000	250	170	WELLHEAD EQUIPMENT	\$15,000
Total Lessor and Well Equipment Costs:			\$474,500	Total Lessor and Well Equipment Costs:			\$474,500

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

Operator: Franklin Mountain Energy, LLC  
Approved By: David Ramdeco-Wood  
Chief Operating Officer

Date: 6/7/2019

WI Owner: \_\_\_\_\_  
Approved By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

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

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

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

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

**CASE NOS. 20982, 20983,  
and 20984**

**AFFIDAVIT**

STATE OF NEW MEXICO            )  
  ) ss.  
COUNTY OF BERNALILLO        )

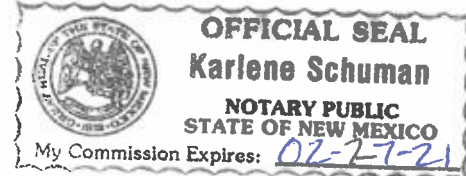
Deana M. Bennett, attorney in fact and authorized representative of Franklin Mountain Energy, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under a notice letter, attached, and that proof of receipt is attached hereto. I also state that notice of the January 9, 2020 hearing was published in the Hobbs News-Sun on December 22, 2019, as reflected in the attached Affidavit of Publication.

  
\_\_\_\_\_  
Deana M. Bennett

SUBSCRIBED AND SWORN to before me this 7th day of January, 2020 by Deana M. Bennett.

  
\_\_\_\_\_  
Notary Public

My commission expires: 02-27-21





MODRALL SPERLING

L A W Y E R S

December 18, 2019

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, LLC  
FOR COMPULSORY POOLING, LEA COUNTY, NEW  
MEXICO.**

**CASE NO. 20982**

TO: AFFECTED PARTIES

This letter is to advise you that Franklin Mountain Energy LLC ("FME") has filed the above-listed application.

In Case No. 20982, FME seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Parade State 603H** well and the **Beauty Queen Fed Com 604H** well, to be horizontally drilled. The producing area for the Parade State 603H well will be unorthodox. The producing area for the Beauty Queen Fed Com 604H well will 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, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the first well is drilled and when the wells are completed.

This case has been set for hearing before a Division Examiner on January 9, 2020, starting at 8:15 a.m. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by the application, we are notifying you of your right to appear at the hearing and participate in the case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in the case at a later date.

You are further notified that if you desire to appear in the case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the

Modrall Sperling  
Roehl Harris & Sisk P.A.

500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

PO Box 2168  
Albuquerque,  
New Mexico 87103-2168

Tel: 505.848.1800  
[www.modrall.com](http://www.modrall.com)

Page 2

Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,

A handwritten signature in blue ink, appearing to read "Deana M. Bennett".

Deana M. Bennett

*Attorney for Applicant*

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

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

CASE NO. 20982

**APPLICATION**

Franklin Mountain Energy, LLC ("FME"), OGRID Number 373910, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division ("Division") pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico.

In support of this application, FME states as follows:

1. FME has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FME seeks to dedicate the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico to form a 640-acre, more or less, spacing unit.
3. FME plans to drill the Parade State 603H and the Beauty Queen Fed Com 604H wells to a depth sufficient to test the Bone Spring formation. The wells will be horizontally drilled.
4. The Parade State 603H well will not comply with the Division's setback requirements. FME has applied for administrative approval of the non-standard well location separately.



5. The Beauty Queen Fed Com 604H well will be drilled at an orthodox location under the Division's rules.

6. The completed interval for the Beauty Queen Fed Com 604H well is less than 330' from the adjoining tracts and the Division's rules allow for the inclusion of proximity tracts within the proposed spacing unit for the wells.

7. FME 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.

8. 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.

9. FME further requests that it be allowed one (1) year between the time the first well is drilled and completion of the wells under the order issued by the Division.

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 9, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico;

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

C. Authorizing FME 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;

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;

F. Allowing a time period of one (1) year between when the first well is drilled and when the wells are completed under the order.

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

By: Deana M. Bennett

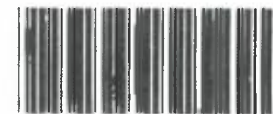
Deana M. Bennett  
Nicole T. Russell  
Post Office Box 2168  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
*Attorneys for Applicant*

**CASE NO.\_\_\_\_: Application of Franklin Mountain Energy, LLC for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Parade State 603H** well and the **Beauty Queen Fed Com 604H** well, to be horizontally drilled. The producing area for the Parade State 603H well will be unorthodox. The producing area for the Beauty Queen Fed Com 604H well will 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, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the first well is drilled and when the wells are completed. Said area is located approximately 9 miles Northwest of Jal, New Mexico.

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
12/18/2019



Firm Mailing Book ID: 181182

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0066 8515 72	BC Operating, Inc. 4000 N. Big Spring St. #310 Midland TX 79705	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
2	9314 8699 0430 0066 8515 89	Chilmark Properties, LLC 110 W. Louisiana Ave., #404 Midland TX 79701	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
3	9314 8699 0430 0066 8515 96	Constitution Resources II, LP 5707 Southwest Parkway Austin TX 78735	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
4	9314 8699 0430 0066 8516 02	CrownRock Minerals, L.P. P.O. Box 51933 Midland TX 79710	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
5	9314 8699 0430 0066 8516 19	Encanto Minerals, LLC 2929 Allen Parkway, Suite 200 Houston TX 77019	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
6	9314 8699 0430 0066 8516 26	Foundation Minerals, LLC P.O. Box 50820 Midland TX 79710	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
7	9314 8699 0430 0066 8516 33	Franklin Mountain Energy 2, LLC 2401 E 2nd Ave., Suite 300 Denver CO 80206	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
8	9314 8699 0430 0066 8516 40	Franklin Mountain Royalty Investments, LLC 2401 E 2nd Ave., Suite 300 Denver CO 80206	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
9	9314 8699 0430 0066 8516 57	Lawrence Edward Boulter, as his separate property 3736 Topeka Street Riverbank CA 95367	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
10	9314 8699 0430 0066 8516 64	Lawrence Edward Boulter, as his separate property 236 N. 5th Ave. Oakdale CA 95361	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
11	9314 8699 0430 0066 8516 71	Lawrence Edward Boulter, as his separate property c/o James Troy Boulter 23307 W Arrow Dr. Buckeye AZ 85326	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
12	9314 8699 0430 0066 8516 88	Lawrence Edward Boulter, as his separate property c/o Jessie Ellen Boulter Crum 9925 Ulmerton Rd. Largo FL 33771	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
13	9314 8699 0430 0066 8516 95	Lista Catherine Ammirati McDonald, as her separate property 3950 E. Midas Ave. Rocklin CA 95677	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
14	9314 8699 0430 0066 8517 01	Mavros Minerals II, LLC P.O. Box 50820 Midland TX 79710	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice

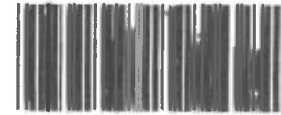
DEC 18 2019

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

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
12/18/2019



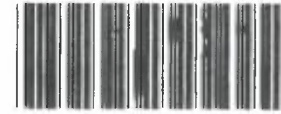
Firm Mailing Book ID: 181182

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
15	9314 8699 0430 0066 8517 18	Monticello Minerals LLC 5528 Vickery Blvd. Dallas TX 75206	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
16	9314 8699 0430 0066 8517 25	Oak Valley Minerals and Land, LP P.O. Box 50820 Midland TX 79710	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
17	9314 8699 0430 0066 8517 32	Prevail Energy LLC 521 Dexter St. Denver CO 80220	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
18	9314 8699 0430 0066 8517 49	Rheiner Holdings, LLC P.O. Box 980552 Houston TX 77098	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
19	9314 8699 0430 0066 8517 56	Robert E. Landreth and wife, Donna P. Landreth 110 W. Louisiana Ave. #404 Midland TX 79701	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
20	9314 8699 0430 0066 8517 63	Sandia Minerals, LLC 2401 E 2nd Ave., Suite 300 Denver CO 80206	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
21	9314 8699 0430 0066 8517 70	State of New Mexico 310 Old Santa Fe Trail Santa Fe NM 87501	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
22	9314 8699 0430 0066 8517 87	Tap Rock Resources, LLC 602 Park Point Drive, Suite 200 Golden CO 80401	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
23	9314 8699 0430 0066 8517 94	The heirs or devisees of Dock C. Coates, deceased c/o D.B. Coates P.O. Box 1443 Lakeside UT 85929	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
24	9314 8699 0430 0066 8518 00	The heirs or devisees of Dock C. Coates, deceased c/o Irene Coates 609 Copper Ln. Santaquin UT 84655	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
25	9314 8699 0430 0066 8518 17	The heirs or devisees of Dock C. Coates, deceased c/o Irene Coates 475 S 300 W Santaquin UT 84655	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
26	9314 8699 0430 0066 8518 24	The heirs or devisees of Dock C. Coates, deceased c/o Irene Coates 499 W Pacific Dr American Fork UT 84003	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
27	9314 8699 0430 0066 8518 31	The heirs or devisees of Dock C. Coates, deceased c/o James Ronald Stanley 3608 North County Road 1130 Midland TX 79705	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
28	9314 8699 0430 0066 8518 48	The heirs or devisees of Dock C. Coates, deceased c/o Kimberly Franzoy Becker 3147 Adobe Dam Rd. Phoenix AZ 85027	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice

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

PS Form 3877

Type of Mailing: **CERTIFIED MAIL**  
12/18/2019



Firm Mailing Book ID: 181182

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
29	9314 8699 0430 0066 8518 55	The heirs or devisees of Dock C. Coates, deceased c/o Mary O. Coates 3719 S. Eunice Hwy Hobbs NM 88240	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
30	9314 8699 0430 0066 8518 79	The heirs or devisees of Dock C. Coates, deceased c/o Sharon Lyde Miller PO Box 666 Overton NV 89040	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
31	9314 8699 0430 0066 8518 86	The heirs or devisees of Dock C. Coates, deceased c/o Shraon Lyde Miller 780 E. Lee Ave. Overton NV 89040	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
32	9314 8699 0430 0066 8518 93	The heirs or devisees of Dock C. Coates, deceased c/o Timothy G. Coates PO Box 23 Red Rock NM 88055	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
33	9314 8699 0430 0066 8519 09	Tierra Royalties, LLC 2930 Allen Parkway, Suite 200 Houston TX 77019	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
34	9314 8699 0430 0066 8519 16	United States of America 301 Dinosaur Trail Santa Fe NM 87508	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
35	9314 8699 0430 0066 8519 23	Viper Energy Partners, LLC 500 W. Texas Ave., #1200 Midland TX 79701	\$1.15	\$3.50	\$1.60	\$0.00	10154. No. 20982. Notice
Totals:			\$40.25	\$122.50	\$56.00	\$0.00	
			Grand Total:		\$218.75		

List Number of Pieces  
Listed by Sender

Total Number of Pieces  
Received at Post Office

Postmaster:  
Name of receiving employee

Dated:

35

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Transaction Report Details - CertifiedPro.net  
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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
9314869904300066851923	2019-12-18 1:41 PM	10154. No. 20982.	Viper Energy Partners, LLC		Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	12-23-2019
9314869904300066851916	2019-12-18 1:41 PM	10154. No. 20982.	United States of America		Santa Fe	NM	87508	Delivered	Return Receipt - Electronic, Certified Mail	12-20-2019
9314869904300066851909	2019-12-18 1:41 PM	10154. No. 20982.	Tierra Royalties, LLC		Houston	TX	77019	Mailed	Return Receipt - Electronic, Certified Mail	
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9314869904300066851886	2019-12-18 1:41 PM	10154. No. 20982.	The heirs or devisees of Dock C. Coates, deceased	c/o Shraon Lyde Miller	Overton	NV	89040	Delivered	Return Receipt - Electronic, Certified Mail	12-30-2019
9314869904300066851879	2019-12-18 1:41 PM	10154. No. 20982.	The heirs or devisees of Dock C. Coates, deceased	c/o Sharon Lyde Miller	Overton	NV	89040	Delivered	Return Receipt - Electronic, Certified Mail	12-30-2019
9314869904300066851855	2019-12-18 1:41 PM	10154. No. 20982.	The heirs or devisees of Dock C. Coates, deceased	c/o Mary O. Coates	Hobbs	NM	88240	Delivered	Return Receipt - Electronic, Certified Mail	12-26-2019
9314869904300066851848	2019-12-18 1:41 PM	10154. No. 20982.	The heirs or devisees of Dock C. Coates, deceased	c/o Kimberly Franzoy Becker	Phoenix	AZ	85027	Delivered	Return Receipt - Electronic, Certified Mail	12-26-2019
9314869904300066851831	2019-12-18 1:41 PM	10154. No. 20982.	The heirs or devisees of Dock C. Coates, deceased	c/o James Ronald Stanley	Midland	TX	79705	Delivered	Return Receipt - Electronic, Certified Mail	12-21-2019
9314869904300066851824	2019-12-18 1:41 PM	10154. No. 20982.	The heirs or devisees of Dock C. Coates, deceased	c/o Irene Coates	American Fork	UT	84003	Delivered	Return Receipt - Electronic, Certified Mail	12-30-2019
9314869904300066851817	2019-12-18 1:41 PM	10154. No. 20982.	The heirs or devisees of Dock C. Coates, deceased	c/o Irene Coates	Santaquin	UT	84655	To be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300066851800	2019-12-18 1:41 PM	10154. No. 20982.	The heirs or devisees of Dock C. Coates, deceased	c/o Irene Coates	Santaquin	UT	84655	Delivered	Return Receipt - Electronic, Certified Mail	12-23-2019
9314869904300066851794	2019-12-18 1:41 PM	10154. No. 20982.	The heirs or devisees of Dock C. Coates, deceased	c/o D.B. Coates	Lakeside	UT	85929	Delivered	Return Receipt - Electronic, Certified Mail	12-23-2019
9314869904300066851787	2019-12-18 1:41 PM	10154. No. 20982.	Tap Rock Resources, LLC		Golden	CO	80401	Delivered	Return Receipt - Electronic, Certified Mail	12-20-2019
9314869904300066851770	2019-12-18 1:41 PM	10154. No. 20982.	State of New Mexico		Santa Fe	NM	87501	Delivered	Return Receipt - Electronic, Certified Mail	12-30-2019
9314869904300066851763	2019-12-18 1:41 PM	10154. No. 20982.	Sandia Minerals, LLC		Denver	CO	80206	Delivered	Return Receipt - Electronic, Certified Mail	12-20-2019
9314869904300066851756	2019-12-18 1:41 PM	10154. No. 20982.	Robert E. Landreth and wife, Donna P. Landreth		Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	12-23-2019
9314869904300066851749	2019-12-18 1:41 PM	10154. No. 20982.	Rheiner Holdings, LLC		Houston	TX	77098	Delivered	Return Receipt - Electronic, Certified Mail	01-02-2020
9314869904300066851732	2019-12-18 1:41 PM	10154. No. 20982.	Prevail Energy LLC		Denver	CO	80220	Delivered	Return Receipt - Electronic, Certified Mail	12-30-2019
9314869904300066851725	2019-12-18 1:41 PM	10154. No. 20982.	Oak Valley Minerals and Land, LP		Midland	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	12-26-2019
9314869904300066851718	2019-12-18 1:41 PM	10154. No. 20982.	Monticello Minerals LLC		Dallas	TX	75206	Undelivered	Return Receipt - Electronic, Certified Mail	
9314869904300066851701	2019-12-18 1:41 PM	10154. No. 20982.	Mavros Minerals II, LLC		Midland	TX	79710	Delivered	Return Receipt - Electronic, Certified Mail	12-26-2019
9314869904300066851695	2019-12-18 1:41 PM	10154. No. 20982.	Lista Catherine Ammirati McDonald, as her	separate property	Rocklin	CA	95677	Delivered	Return Receipt - Electronic, Certified Mail	12-23-2019
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9314869904300066851664	2019-12-18 1:41 PM	10154. No. 20982.	Lawrence Edward Boulter, as his separate property		Oakdale	CA	95361	To be Returned	Return Receipt - Electronic, Certified Mail	
9314869904300066851657	2019-12-18 1:41 PM	10154. No. 20982.	Lawrence Edward Boulter, as his separate property		Riverbank	CA	95367	Delivered	Return Receipt - Electronic, Certified Mail	12-24-2019
9314869904300066851640	2019-12-18 1:41 PM	10154. No. 20982.	Franklin Mountain Royalty Investments, LLC		Denver	CO	80206	Delivered	Return Receipt - Electronic, Certified Mail	12-20-2019
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9314869904300066851596	2019-12-18 1:41 PM	10154. No. 20982.	Constitution Resources II, LP		Austin	TX	78735	Mailed	Return Receipt - Electronic, Certified Mail	
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9314869904300066851572	2019-12-18 1:41 PM	10154. No. 20982.	BC Operating, Inc.		Midland	TX	79705	Delivered	Return Receipt - Electronic, Certified Mail	12-27-2019

# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

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

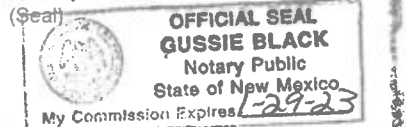
Beginning with the issue dated  
December 22, 2019  
and ending with the issue dated  
December 22, 2019.

  
Publisher

Sworn and subscribed to before me this  
22nd day of December 2019.

  
Business Manager

My commission expires  
January 29, 2023



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

LEGAL

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LEGAL NOTICE  
December 22, 2019

CASE NO. 20982: Notice to all affected parties, as well as the heirs and devisees of BC Operating, Inc., Chilmark Properties, LLC, Constitution Resources II, LP, CrownRock Minerals, L.P., Encanto Minerals, LLC, Foundation Minerals, LLC, Franklin Mountain Energy 2, LLC, Franklin Mountain Royalty Investments, Lawrence Edward Boulter, Lawrence Edward Boulter c/o: James Troy Boulter and Jessie Ellen Boulter Crum, Lista Catherine Ammirati McDonald, Mavros Minerals II, LLC, Monticello Minerals LLC, Oak Valley Minerals and Land, LP, Prevail Energy LLC, Rhelner Holdings, LLC, Robert E. Landreth and wife Donna P. Landreth, Sandia Minerals, LLC, State of New Mexico, Tap Rock Resources, LLC, Heirs or devisees of Dock C. Coates c/o: D.B. Coates; Irene Coates; James Ronald Stanley; Kimberly Franzoy Becker; Mary O. Coates; Sharon Lyde Miller; or Timothy G. Coates, Tierra Royalties, LLC, United States of America, Viper Energy Partners, LLC of Franklin Mountain Energy, LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on January 9, 2020, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Parade State 603H well and the Beauty Queen Fed Com 604H well, to be horizontally drilled. The producing area for the Parade State 603H well will be orthodox. The producing area for the Beauty Queen Fed Com 604H well will 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, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells, and allowing a one year period between when the first well is drilled and when the wells are completed. Said area is located approximately 9 miles Northwest of Jai, New Mexico.

CASE NO. 20983: Notice to all affected parties, as well as the heirs and devisees of BC Operating, Inc., Chilmark Properties, LLC, Constitution Resources II, LP, Encanto Minerals, LLC, Franklin Mountain Energy 2, LLC, Franklin Mountain Royalty Investments, Lawrence Edward Boulter, Lawrence Edward Boulter c/o James Troy Boulter, and Jessie Ellen Boulter Crum, Lista Catherine Ammirati McDonald, Monticello Minerals LLC, Prevail Energy LLC, Rhelner Holdings, LLC, Robert E. Landreth and wife Donna P. Landreth, Sandia Minerals, LLC, State of New Mexico, Tap Rock Resources, LLC, Heirs and devisees of Dock C. Coates c/o: D.B. Coates; Irene Coates; James Ronald Stanley; Kimberly Franzoy Becker; Mary O. Coates; Sharon Lyde Miller; or Timothy G. Coates, Tierra Royalties, LLC, Viper Energy Partners, LLC of Franklin Mountain Energy, LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on January 9, 2020, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Parade State 704H well, to be horizontally drilled. The producing area for the well will 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, LLC as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and completion of the well. Said area is located approximately 9 miles Northwest of Jai, New Mexico.

CASE NO. 20984: Notice to all affected parties, as well as the heirs and devisees of Franklin Mountain Energy 2, LLC, Franklin Mountain Royalty Investments, LLC, State of New Mexico, United States of America, Encanto Minerals, LLC, Tierra Royalties, LLC, Prevail Energy LLC, Rhelner Holdings, LLC, Monticello Minerals LLC, Chilmark Properties, LLC, CrownRock Minerals L.P., Foundation Minerals, LLC, Mavros Minerals II, LLC, Oak Valley Minerals and Land, LP of Franklin Mountain Energy, LLC's application for compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on January 9, 2020, to consider this application. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Beauty Queen Fed Com 705H well, to be horizontally drilled. The producing area for the well will 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, LLC as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and completion of the well. Said area is located approximately 9 miles Northwest of Jai, New Mexico.

#35017



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

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

**CASE NO. 20982  
(E/2 Bone Spring)**

**AFFIDAVIT**

STATE OF COLORADO                    )  
  ) ss.  
COUNTY OF DENVER                    )

Ben Kessel, being duly sworn, deposes and states:

1. I am over the age of 18, I am a geologist for Franklin Mountain Energy, 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 7** is a locator map showing the approximate location of the proposed unit in relation to the Capitan Reef.

5. **Exhibit 8** is a wellbore schematic showing FME's E/2 development plan, which includes the wells at issue in this case and the wells proposed in Case Nos. 20983 and 20984. FME's proposed E/2 wells are identified by a blue circle around a blue dot.



6. The exhibits behind **Tab 9** are the geology study I prepared for the Parade State 603H and Beauty Queen 604H wells.

7. **Exhibit 9-A** is structure map of top of the Third Bone Spring Sand. The proposed project area is identified by a purple box, and the proposed wells are identified by blue dashed lines. The contour interval used this exhibit is 25 feet. This exhibit shows that the structure dips to the east.

8. **Exhibit 9-B** identifies four wells in the vicinity of the proposed wells, shown by a line of cross-section running from A to A'.

9. **Exhibit 9-C** is a stratigraphic cross section hung on the base of the Third Bone Spring Sand. The well logs on the cross-section give a representative sample of the Third Bone Spring Sand formation in the area. The target zone is identified by the words "Producing Zone" and the shaded area across the cross section. I have also identified where the Parade State 603H and the Beauty Queen Fed Com 604H wells falls within the wells I used for cross-section.

10. In my opinion, the gross interval thickness thins slightly from west to east.

11. **Exhibit 9-D** is a Gross Interval Isochore of the Third Bone Spring Sand. The Third Bone Spring Sand thins slightly from west to east.

12. I conclude from the maps that:

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

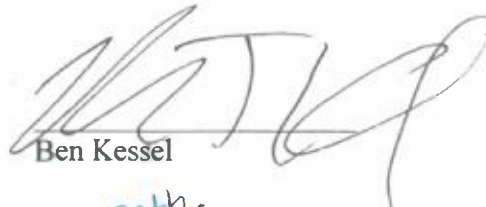
13. **Exhibit 10** provides an overview of the stress orientation in the area based on the 2018 Snee-Zoback paper.

14. The preferred well orientation in this area is either north/south or south/north. This is because the  $S_{Hmax}$  is at approximately 265 degrees in this area of Lea County.

15. Exhibits 7-10 were prepared by my or under my supervision or compiled from company business records.

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

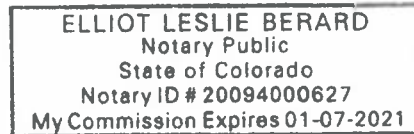
*[Signature page follows]*

  
Ben Kessel

SUBSCRIBED AND SWORN to before me this 20<sup>th</sup> day of December, 2019 by Ben Kessel, on behalf of Franklin Mountain Energy, LLC.

  
\_\_\_\_\_  
Notary Public

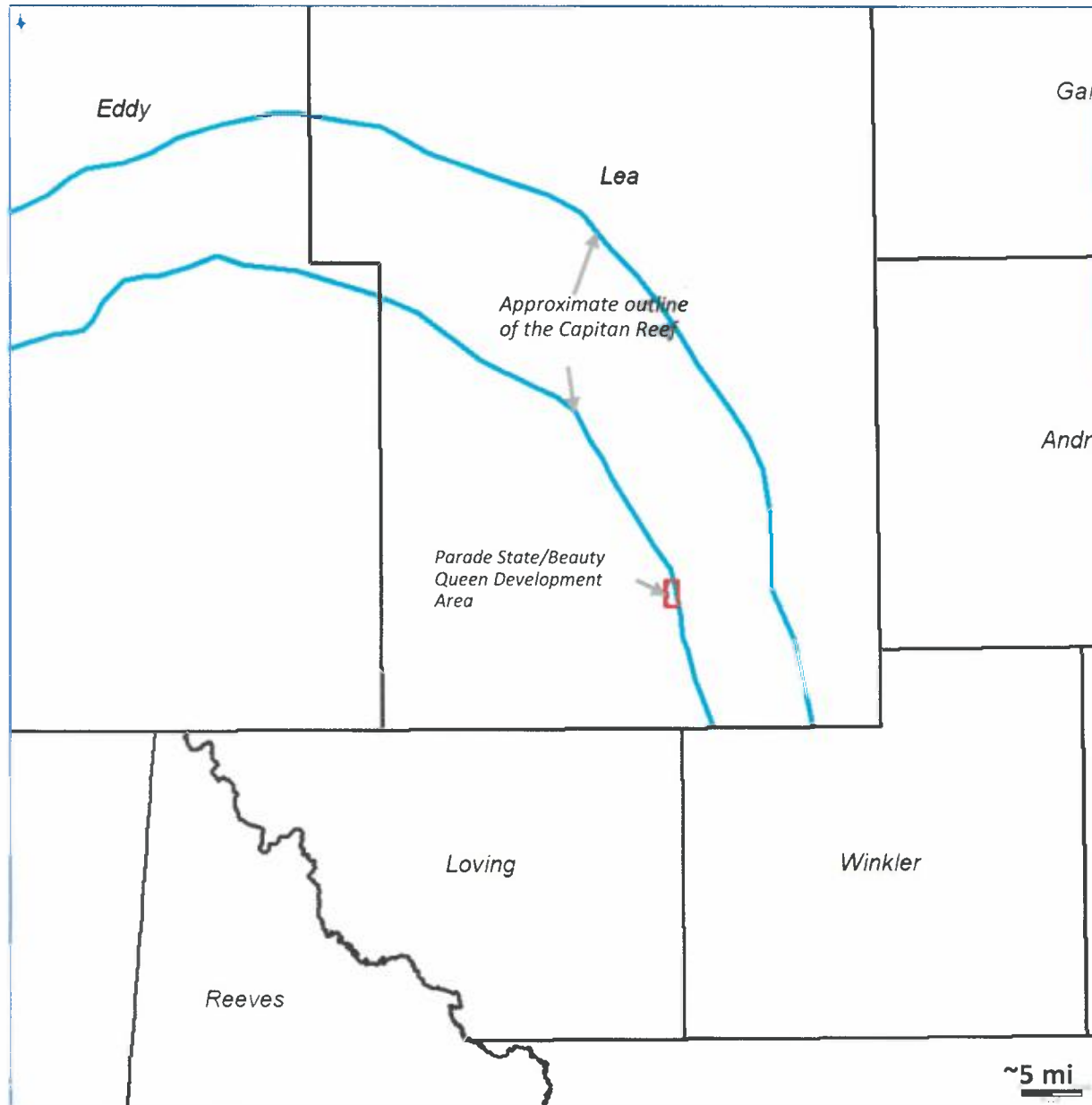
My commission expires: Jan. 7, 2021



# Parade State/Beauty Queen Development



## Locator Map

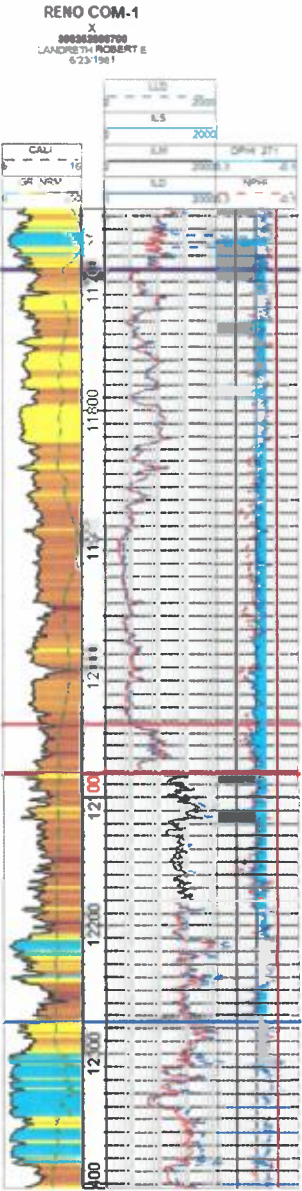


- Red box shows the location of Parade State/Beauty Queen development
- Planned wells are located on the western edge of the Capitan Reef

Capitan Reef Outline modified from Ruppel S.C., 2019, Anatomy of a Paleozoic Basin; The Permian Basin, USA: Introduction, Overview, and Evolution, pg 3., in Ruppel, S.C., ed., Anatomy of a Paleozoic Basin; The Permian Basin, USA.



# Wellbore Schematic



Existing Lateral      Proposed Lateral

EXHIBIT

8

tabbles

hh

*Parade State 603H and Beauty Queen Fed Com 604H*

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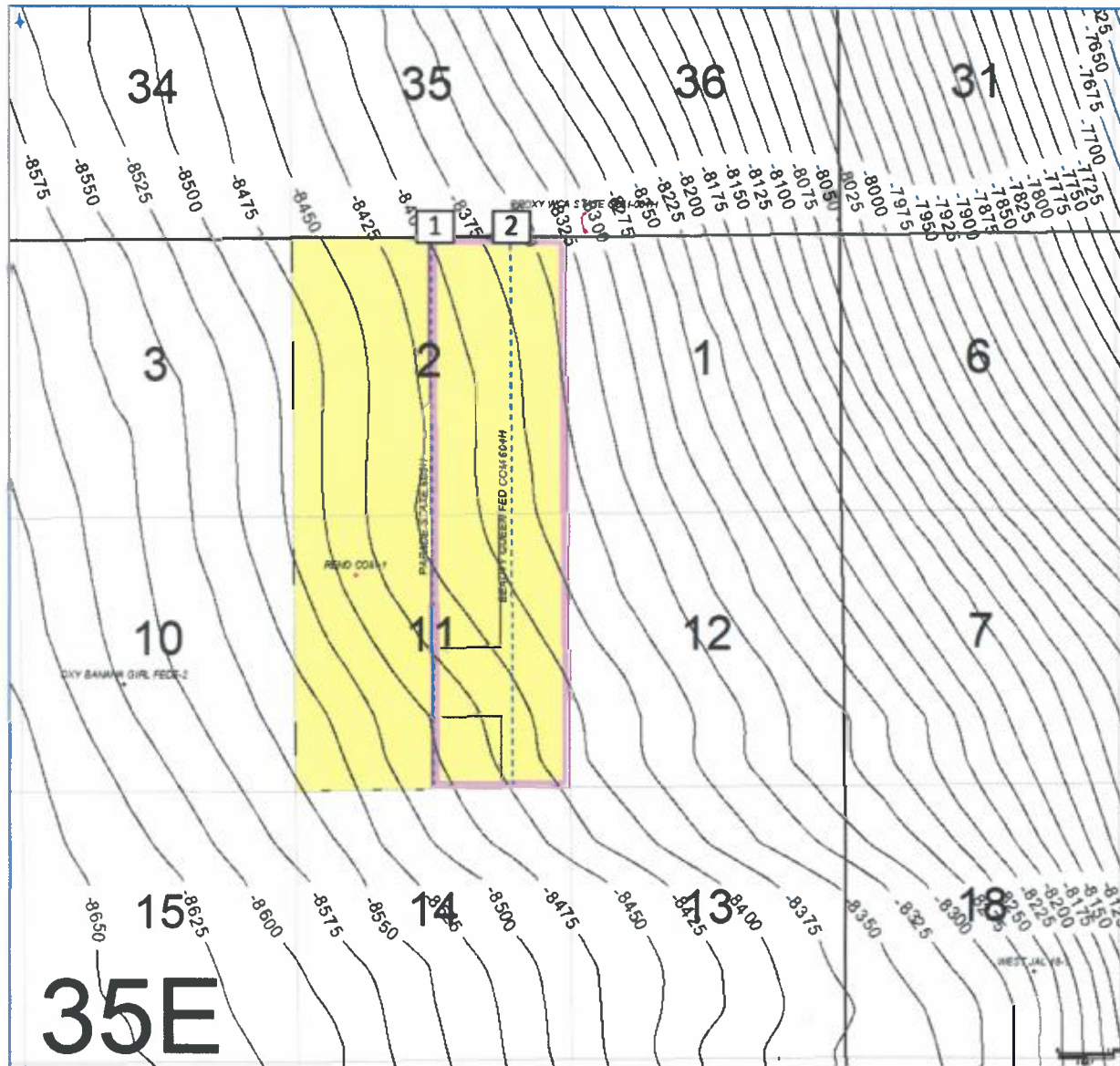
*Case No. 20982*

*Bone Spring*



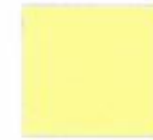
# Third Bone Spring Structure Map (SSTV)

Parade State 603H and Beauty Queen Fed Com 604H



C.I. = 25'

1 mile



Franklin Mountain  
Acreage



Third Bone Spring  
Sand Proration Unit

Proposed Horizontal Location

**1**

Parade State 603H

**2**

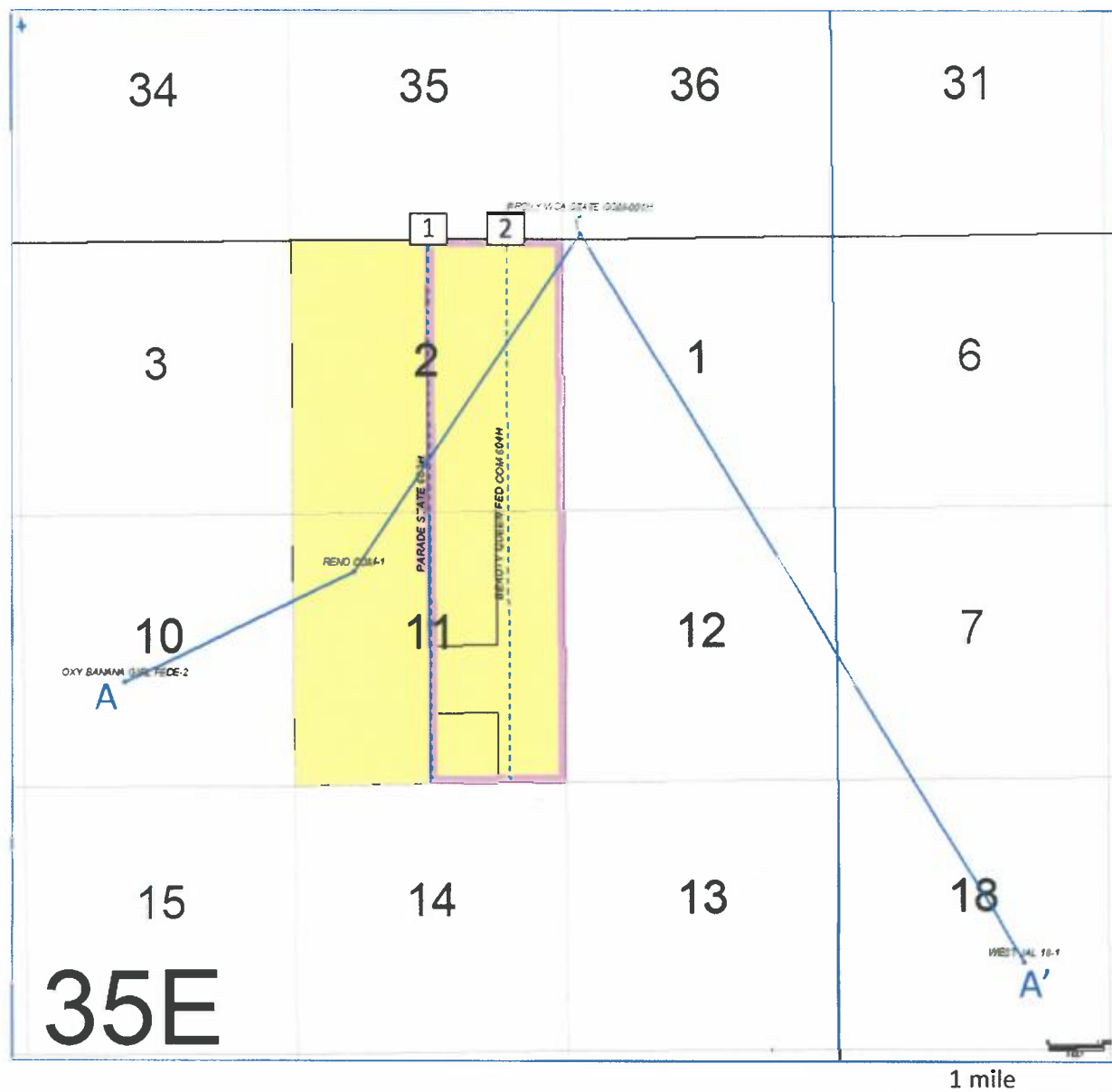
Beauty Queen Fed Com 604H





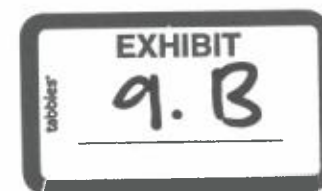
# Third Bone Spring Cross Section Reference Map

Parade State 603H and Beauty Queen Fed Com 604H



Proposed Horizontal Location  
Cross Section Line

- 1 Parade State 603H
- 2 Beauty Queen Fed Com 604H



# Third Bone Spring Sand Cross Section



B

B'

OXY BANANA GIRL FEDE-2

300283832200  
COG OPERATING LLC  
4/5/2003

<4,966FT>

RENO COM-1

300282886700  
LANDRETH ROBERT E  
6/23/1961

<8,195FT>

PROXY WCA STATE COM-001H

30028439220100  
FRANKLIN MOUNTAIN EN  
2/3/2018

<16,890FT>

WEST JAL 18-1

30028210390000  
SKELLY OIL COMPANY  
4/19/1965

Third Bone Spring Sand

Wolfcamp  
Wolfcamp A

Wolfcamp B

Third Bone Spring Sand

Producing Interval

Wolfcamp

Wolfcamp A

Wolfcamp B

Parade State 603H &  
Beauty Queen 604H

EXHIBIT

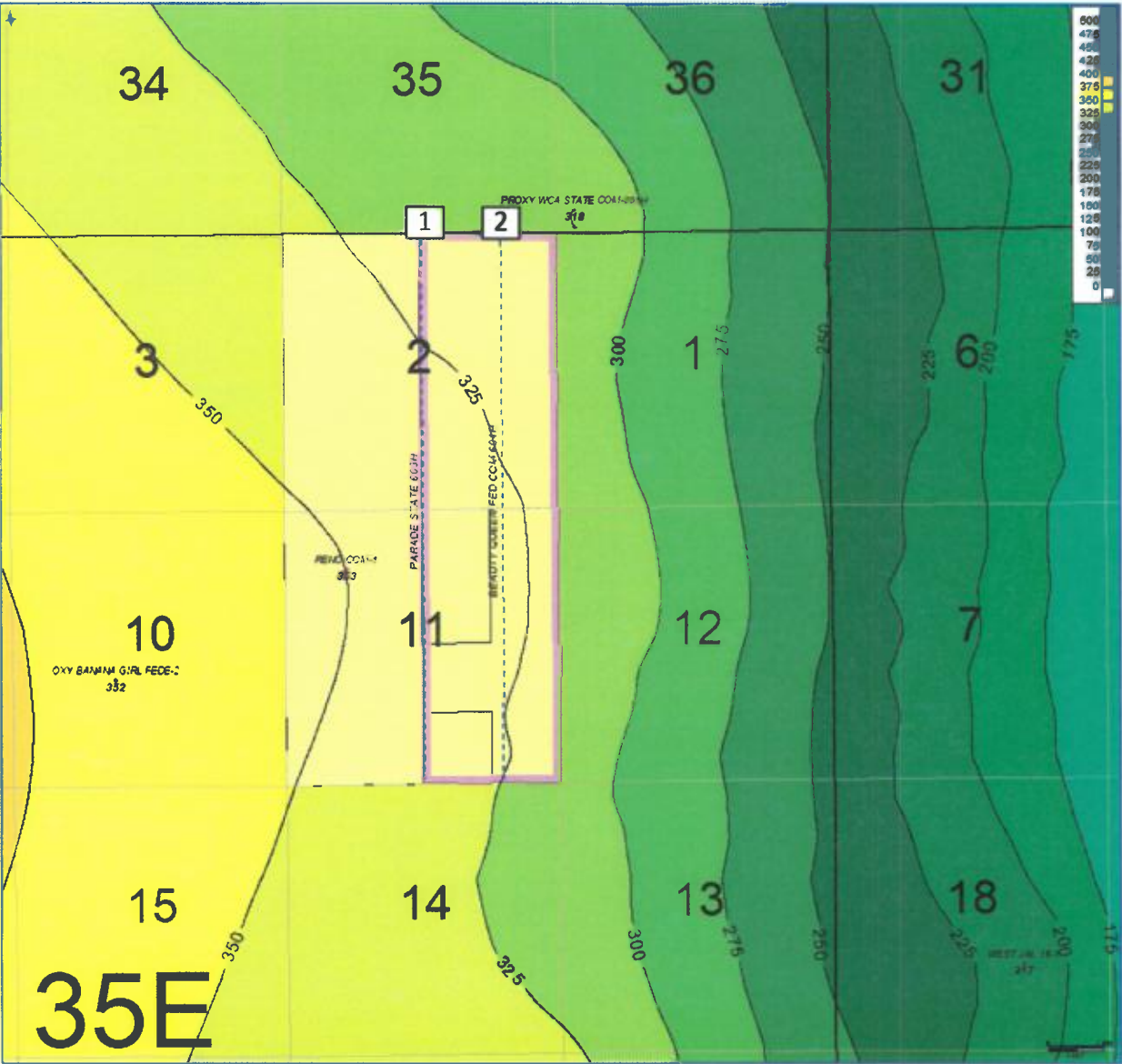
9.C

tabbles

87

# Third Bone Spring Sand Isochore Map

Parade State 603H and Beauty Queen Fed Com 604H



Franklin Mountain  
Acreage



Third Bone Spring  
Sand Proration Unit

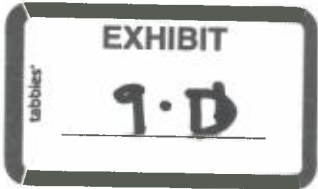
Proposed Horizontal Location

1

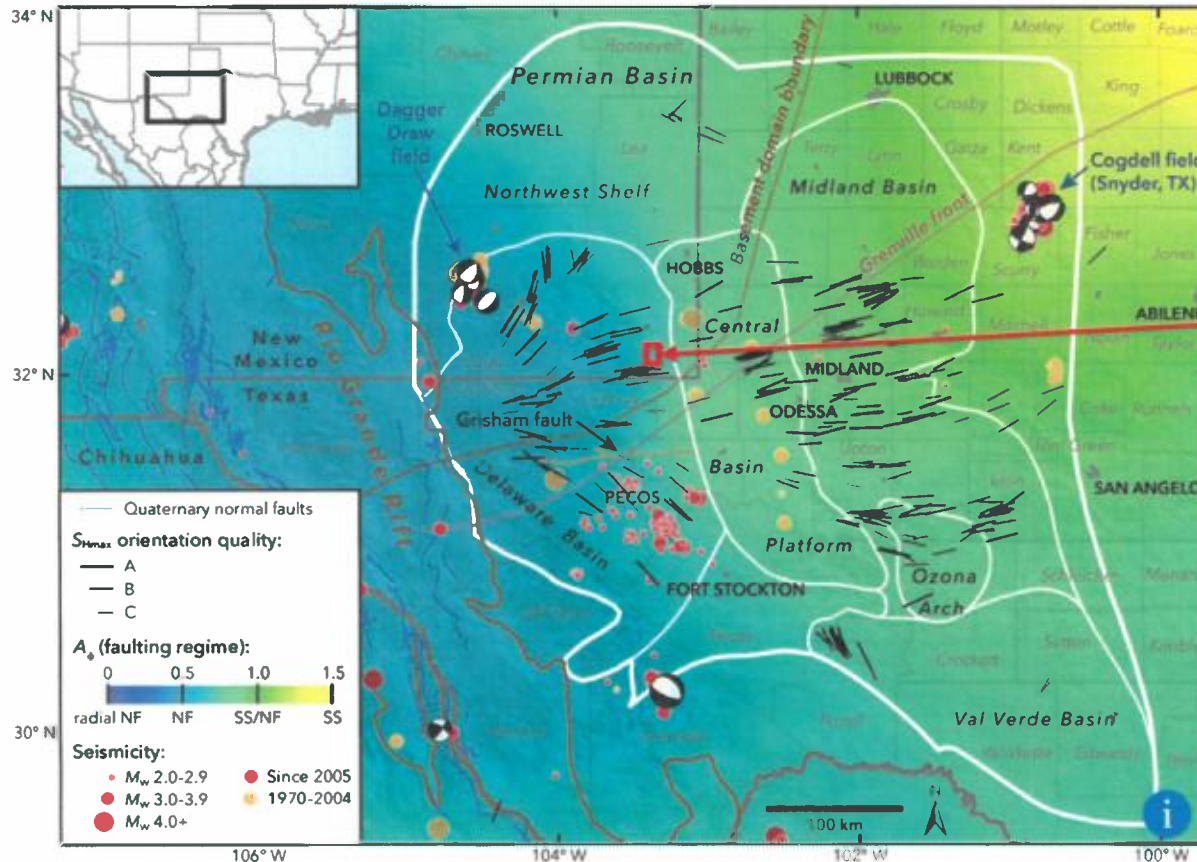
Parade State 603H

2

Beauty Queen Fed Com 604H







- Red box shows the approximate location of Parade State/Beauty Queen development
- Reported local  $S_{Hmax}$  (Snee and Zoback, 2018) direction is ENE, around  $265^\circ$
- Parade State/Beauty Queen 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)

