



Before the Oil Conservation Division  
Examiner Hearing November 5, 2020

Compulsory Pooling

**Case No. 21519:** Parade State 603H



**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. 21519**

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# COMPULSORY POOLING APPLICATION CHECKLIST (pdf)

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21519	APPLICANT'S RESPONSE
Date November 5, 2020	
Applicant	Franklin Mountain Energy, LLC
Designated Operator & OGRID (affiliation if applicable)	Franklin Mountain Energy, LLC (373910)
Applicant's Counsel:	Deana M. Bennett/Modrall Spering
Case Title:	Application of Franklin Mountain Energy, LLC for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	Tap Rock Resources, LLC
Well Family	Carnival: Parade State 603H
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	WC-025 G-09 S253502B, Lower Bone Spring, Pool Code 98185
Well Location Setback Rules:	Statewide rules
Spacing Unit Size:	320 acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Y
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit B-3 pages 16-17.
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed



Well #1	<p>Parade State 603H</p> <p>SHL: 675 feet from the North line and 2624 feet from the East line (Lot 2), Section 2, Township 25 South, Range 35 East, NMPM.</p> <p>BHL: 150 feet from the South line and 2260 feet from the East line (Unit O), Section 11, Township 25 South, Range 35 East, NMPM.</p> <p>Completion Target: Third Bone Spring Sand at approximate 11,790' TVD.</p> <p>Well Orientation: North/South</p> <p>Completion location: Expected to be standard. See also C-102: Exhibit B-2 page 14.</p>
Horizontal Well First and Last Take Points	<p>Parade State 603H: Proposed first take point 794' FNL and 2246' FEL and the proposed last take point is 150' FSL and 2260' FEL. See also Exhibit B-2 page 14.</p>
Completion Target (Formation, TVD and MD)	<p>See Proposal Letter Exhibit B-5 page 19.</p>
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	<p>\$7000: See also Proposal Letter Exhibit B-5 page 19.</p>
Production Supervision/Month \$	<p>\$700: See also Proposal Letter Exhibit B-5 page 19.</p>
Justification for Supervision Costs	<p>See AFE Exhibit B-6 page 22.</p>
Requested Risk Charge	<p>200%: See also Proposal Letter Exhibit B-5 page 19.</p>
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	<p>B-7, specifically pages 23-29.</p>
Proof of Mailed Notice of Hearing (20 days before hearing)	<p>B-7, specifically pages 30-34.</p>
Proof of Published Notice of Hearing (10 days before hearing)	<p>B-7, specifically page 35.</p>
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	<p>B-3 page 15.</p>
Tract List (including lease numbers and owners)	<p>B-3 pages 16-17</p>

Pooled Parties (including ownership type)	B-3 page 17(a)&(b).
Unlocatable Parties to be Pooled	B-3 page 17.
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	B-5 page 19-21.
List of Interest Owners (ie Exhibit A of JOA)	B-3 pages 16-17.
Chronology of Contact with Non-Joined Working Interests	N/A: no unjoined working interest owners but see Exhibit B-4 page 18 for summary of contacts with unleased mineral interest owners.
Overhead Rates In Proposal Letter	Proposal Letter Exhibit B-5 page 19.
Cost Estimate to Drill and Complete	Proposal Letter Exhibit B-5 page 19; AFE B-6 page 22.
Cost Estimate to Equip Well	Proposal Letter Exhibit B-5 page 19; AFE B-6 page 22.
Cost Estimate for Production Facilities	Proposal Letter Exhibit B-5 page 19; AFE B-6 page 22.
<b>Geology</b>	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	C-8 page 40 and C-9 page 41.
Gunbarrel/Lateral Trajectory Schematic	C-9 page 41.
Well Orientation (with rationale)	C-11 page 47.
Target Formation	C-10-C page 45.
HSU Cross Section	C-10-C page 45.
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	B-2 page 14.
Tracts	B-3 page 15.
Summary of Interests, Unit Recapitulation (Tracts)	B-3 pages 16-17.
General Location Map (including basin)	C-8 page 40.
Well Bore Location Map	C-8 page 40; C-10-A page 43.
Structure Contour Map - Subsea Depth	C-10-A page 43.
Cross Section Location Map (including wells)	C-10-B page 44.
Cross Section (including Landing Zone)	C-10-C page 45.
<b>Additional Information</b>	Franklin requests an expedited order.
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Deana M Bennett
Signed Name (Attorney or Party Representative):	Deana M Bennett
Date:	11/3/2020

**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. 21519  
(Parade State 603H)**

**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 all uncommitted interests into the horizontal spacing unit described below, and in the well to be drilled in the unit.



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

8. In this case, Franklin seeks an order from the Division pooling all uncommitted mineral interests within a 320-acre (more or less) Bone Spring 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 (the "W/2 E/2 Unit"). The W/2 E/2 Unit will be dedicated to the **Parade State 603H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit 1**.

9. Franklin's W/2 E/2 Unit for the Parade State 603H well will overlap with part of an existing Franklin 640-acre Bone Spring spacing unit that covers the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, which is approved under Division Order R-21170 (the "E/2 Unit").

10. Because Franklin's W/2 E/2 Unit will partially overlap Franklin's E/2 Unit, notice of this application was provided as required by Rule 19.15.16.15.B(9) NMAC.

11. Order R-21170 designates Franklin as the operator of the E/2 Unit and two wells: the Beauty Queen Fed Com 604H well and the Parade State 603H well.

12. Franklin's development plans have changed and Franklin desires to have a separate W/2 E/2 spacing unit for the Parade State 603H well.

13. Franklin filed a separate application to amend Order R-21770 to remove the Parade State 603H well from Order R-21770. That application was assigned case number 21510 and was also set for hearing on November 5, 2020.

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

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

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

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

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

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

20. **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.

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

22. In our search, we identified 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.

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

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

25. **Exhibit 4** is a summary of my contacts with the unleased interest owners.

26. **Exhibit 5** is a sample of the well proposal letter that was sent to the unleased interest owners. The proposal letter identifies the proposed surface hole and bottom hole locations and

approximate TVD/MD for the well. The proposed surface hole and bottom hole locations changed slightly after the proposal letter was sent out. The C-102, Exhibit 2, reflects the correct footages.

27. **Exhibit 6** contains the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depths and length drilled in this area of New Mexico.

28. 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.

29. Franklin requests that costs for drilling, completing, and equipping the well along with the maximum 200% risk charge be assessed against non-consenting working interest owners for the risk involved in drilling, completing, and equipping the well.

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

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

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

33. **Exhibit 7** 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 October 14, 2020.

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

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

36. 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 2nd day of November, 2020 by Shelly Albrecht on behalf of Franklin Mountain Energy, LLC.



Karlene Schuman  
Notary Public

**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. 21519

**APPLICATION**

Franklin Mountain Energy, LLC (“FME”), OGRID Number 373910, through its undersigned attorneys, hereby files this application with 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 W/2 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 W/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, spacing unit.
3. FME plans to drill the **Parade State 603H** well to a depth sufficient to test the Bone Spring formation.
4. The well will be horizontally drilled and will be drilled at orthodox locations under the Division’s rules.
5. FME’s 320-acre horizontal spacing unit for the Parade State 603H well will overlap with part of an existing FME 640-acre spacing unit for the Bone Spring formation that



covers the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, which is approved under Division Order R-21170.

6. Order R-21170 designates FME as the operator of the E/2 Unit and two wells: the Beauty Queen Fed Com 604H well and the Parade State 603H well.

7. FME's development plans have changed and FME desires to have a separate spacing unit for the Parade State 603H well.

8. Because FME's proposed spacing unit will partially overlap an existing spacing unit, notice of this application will be provided as required by Rule 19.15.16.15.B(9) NMAC.

9. FME is filing a separate application to amend Order R-21770 to remove the Parade State 603H well from Order R-21770.

10. 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 well or to otherwise commit their interests to the well.

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

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2 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 well to be drilled thereon;

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

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

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

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

By: Deana M. Bennett

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

**CASE NO. 21519: 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 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 603H** well to be horizontally drilled. FME's 320-acre horizontal spacing unit for the Parade State 603H well will overlap with part of an existing FME 640-acre spacing unit for the Bone Spring formation that covers the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, which is approved under Division Order R-21170. The producing area for the Parade State 603H well will be orthodox. Also to be considered will be the cost of drilling, completing, and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Franklin Mountain Energy, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 9 miles Northwest of Jal, New Mexico.

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (505) 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 98185	<sup>3</sup> Pool Name WC-025 G-09 S253502B;LWR BONE SPRING
<sup>4</sup> Property Code	<sup>5</sup> Property Name PARADE STATE COM	<sup>6</sup> Well Number 603H
<sup>7</sup> OGRID No. 373910	<sup>8</sup> Operator Name FRANKLIN MOUNTAIN ENERGY LLC	<sup>9</sup> Elevation 3244.0'

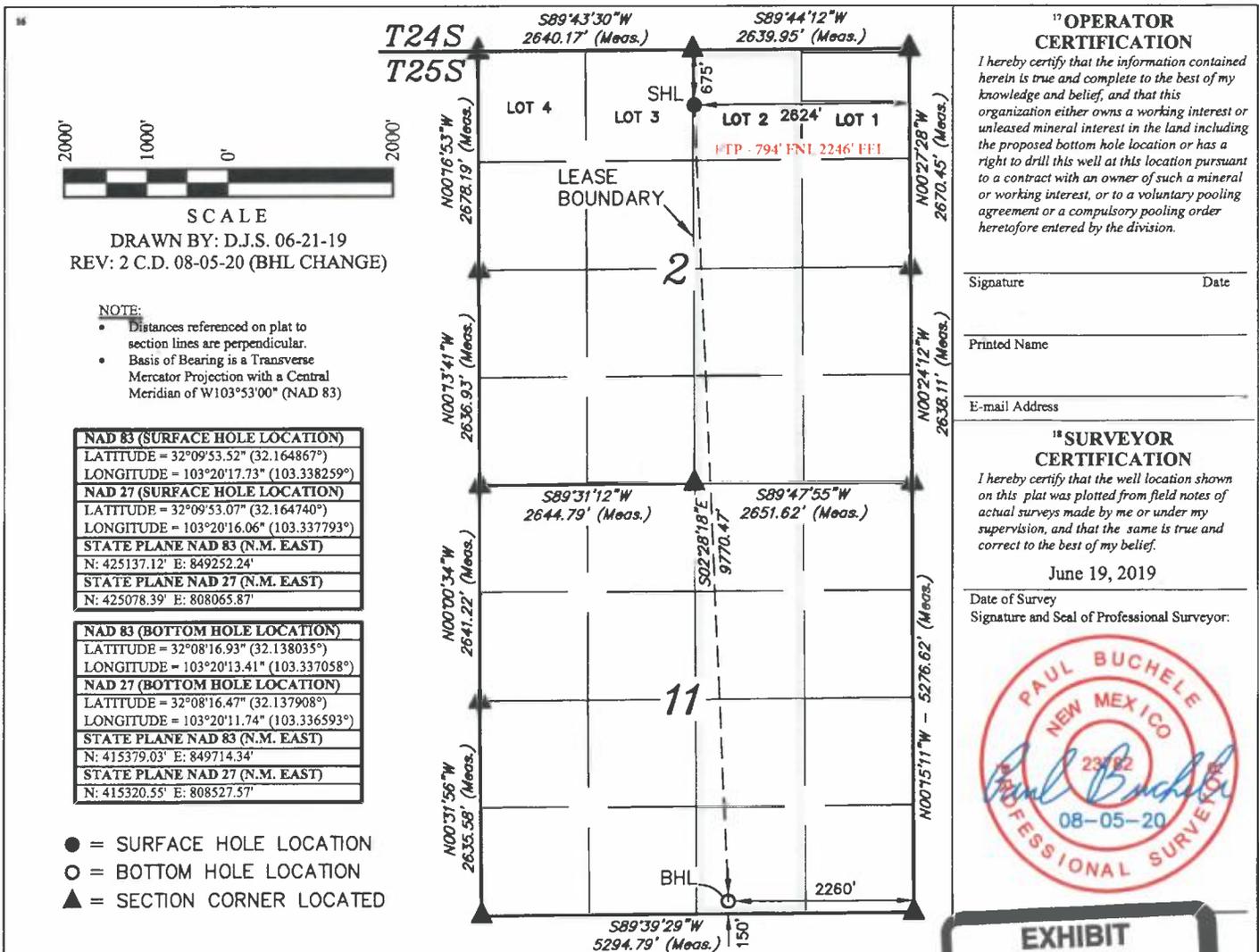
<sup>10</sup> Surface Location

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

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	11	25S	35E		150	SOUTH	2260	EAST	LEA
<sup>12</sup> Dedicated Acres 320.85		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

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

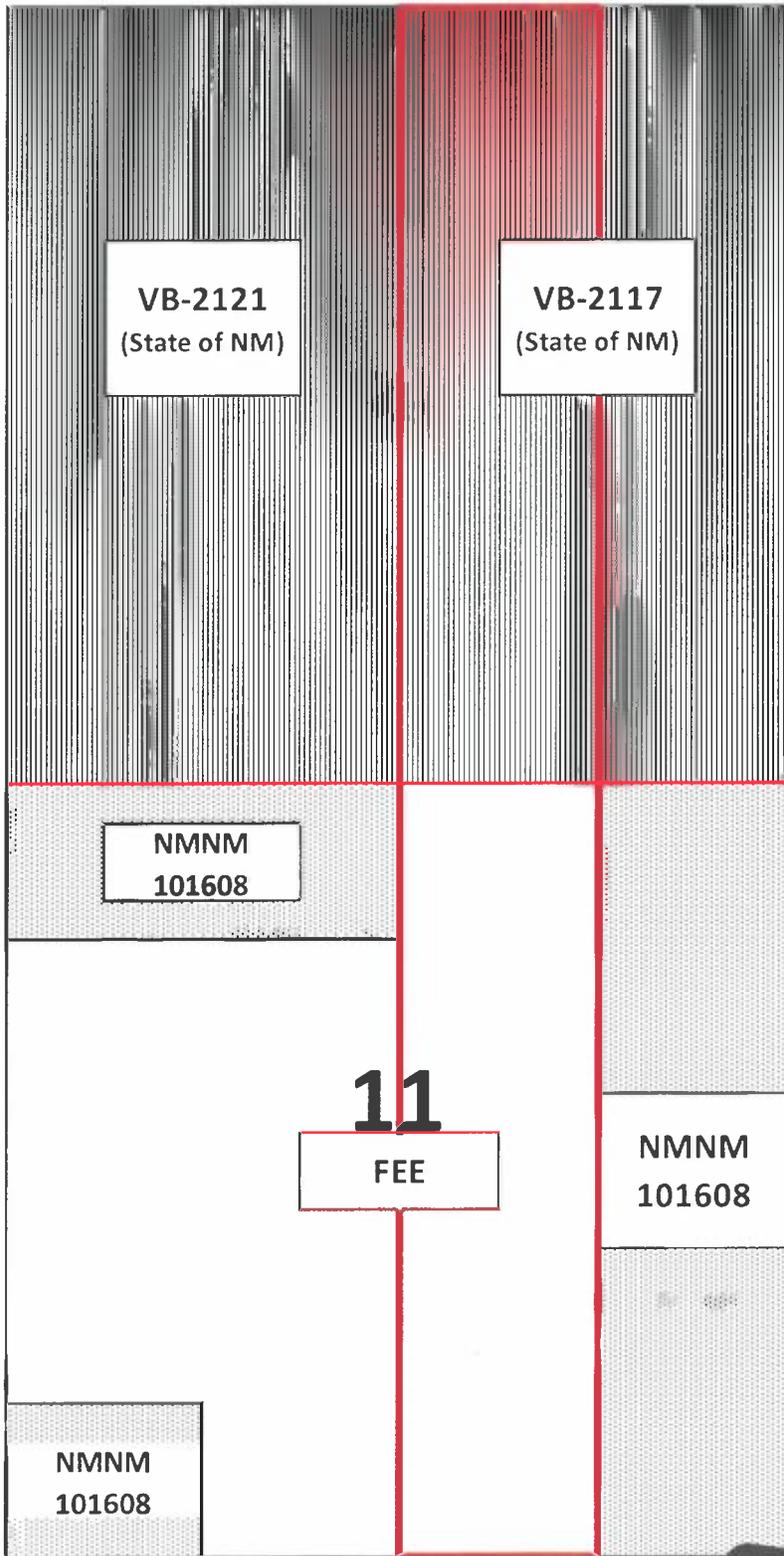


**Lease Tract Map**

Case No. 21519

W/2E/2 of Sections 2 & 11-25S-35E – 320.85 Gross Acres

Parade State 603H



State	
Federal	
FEE	



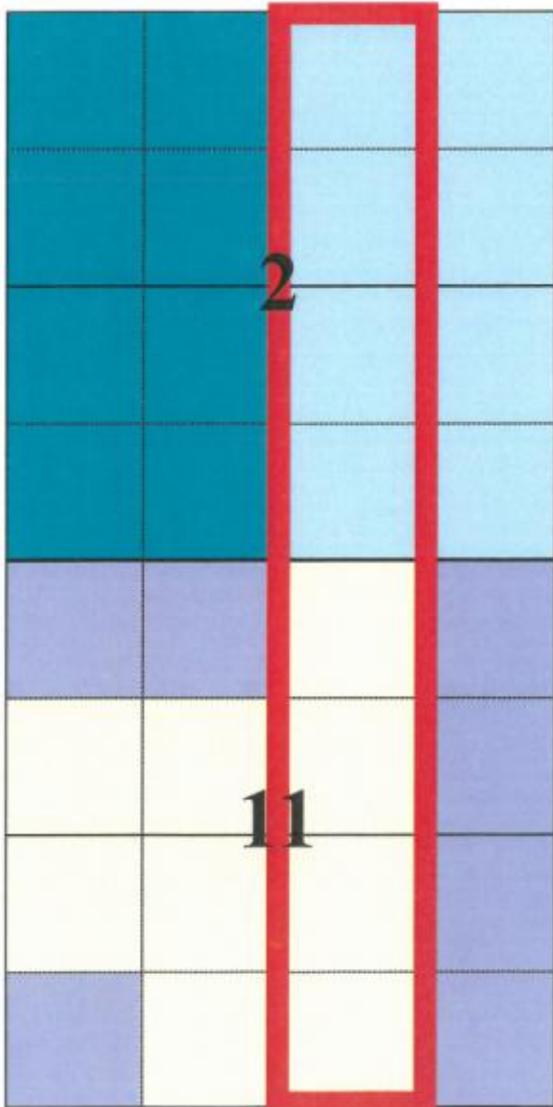
### Unit Recapitulation

Case No. 21519

W/2E/2 of Sections 2 & 11-25S-35E – 320.85 Gross Acres

Parade State 603H

Working Interest Owner	Tract 2: 160.85 ac	Tract 3: 160 ac
Franklin Mtn Energy 2, LLC	100.00%	68.78%
Franklin Mtn Energy, LLC	0.00%	17.14%
Lista Catherine Ammirati McDonald	0.00%	0.54%
Heirs and Devises of Dock C. Coates and/or Ellen Coates, Deceased	0.00%	13.54%
<b>TOTAL:</b>	100.00%	100.00%



Tract	Lease
1	VB-2121
2	VB-2117
3	Fee
4	NMNM 101608



**Summary of Interests**

Case No. 21519

W/2E/2 of Sections 2 & 11-25S-35E – 320.85 Gross Acres

Parade State 603H

**Committed Working Interest**

<u>Working Interest Owner</u>	<u>Interest</u>
Franklin Mountain Energy 2, LLC	84.432627%
Franklin Mountain Energy, LLC	8.547330%
<b>Total Committed Working Interest:</b>	<b>92.979957%</b>

**Unleased (Uncommitted) Interest**

<u>Unleased Interest Owner</u>	<u>Interest</u>
Lista Catherine Ammirati McDonald	0.267148%
Heirs and devisees of Dock C. Coates, deceased	6.752895%
<b>Total Unleased (Uncommitted) Interest:</b>	<b>7.020043%</b>
<b>Total (All Interests) :</b>	<b>100.000000%</b>

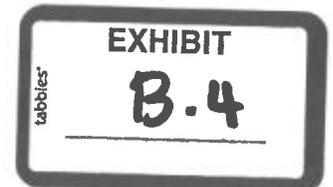


17(a)

Parties to Be Pooled		
Parade 603H	Lista Catherine Ammirati McDonald	Unleased MI
Parade 603H	Cayuga Royalties, LLC	ORRI
Parade 603H	Prevail Energy, LLC	ORRI
Parade 603H	Rheiner Holdings, LLC	ORRI
Parade 603H	Monticello Minerals, LLC	ORRI
Parade 603H	Viper Energy Partners LLC	ORRI
Parade 603H	BC Operating, Inc	ORRI
Parade 603H	Constitution Resources II, LP	ORRI
Parade 603H	The heirs or devisees of Dock C. Coates, deceased c/o D.B. Coates	Unleased MI
Parade 603H	Heirs or Devisees of Dock C. Coates and/or Alice Coates Miller	Unleased MI
Parade 603H	Heirs or Devisees of Dock C. Coates c/o Heirs or Devisees of Delray Coates Wright	Unleased MI

## Summary of Attempted Contacts

- Franklin Mountain Energy conducted extensive title work to determine the working interest owners and other interest owners.
- Franklin searched public records, phone directory, and various different types of internet searches.
- Franklin sent well proposal letters to the unleased interest owners on or around September 8, 2020.
- I have had communications with certain individuals who we notified as potential heirs to the Dock C. Coats interest and the Mildred Guinn Anderson interest regarding the need for them to take additional action to clarify and confirm title.
- 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 uncommitted interest owners.
- Franklin also published notice in a newspaper of general circulation in the county where the well will be located.





September 8, 2020

Lista Catherine Ammirati McDonald  
3950 E. Midas Ave.  
Rocklin, CA 95677-2420

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

Dear Working Interest Owner:

Franklin Mountain Energy, LLC ("FME"), as Operator, hereby re-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").

This well is being re-proposed because the spacing unit is being changed from the E/2 to the W/2E/2 of Sections 2 & 11, Township 25 South, Range 35 East.

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: Parade State 603H Wellbore
- 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.

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

44 Cock Street | Suite 1000 | Denver, CO 80206





Please indicate your elections on the following page and return to Shelly Albrecht at [salbrecht@fmeinc.com](mailto:salbrecht@fmeinc.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:** \_\_\_\_\_



Franklin Mountain Energy, LLC  
 2401 E 2nd Avenue, Suite 300  
 Denver, CO 80266  
 Phone: 720-414-7868  
 franklinmountainenergy.com

**AUTHORITY FOR EXPENDITURE**

Well Name: Parade, State 603H  
 Well #: 603H  
 Location: SHL Sec 7-T25S-R35E 625 FNL 2622 FFL  
 County/State: 1 ca Co. NM  
 BHL Sec 11-T25S-R35E 150F FSL 2580 FFL  
 Operator: Franklin Mountain Energy, LLC  
 Date Prepared: 6/7/2019  
 Purpose: Drill and complete a 9500 B53 well with 1750 lbm/lb slickwater  
 frac. IVD 11700. MD 21655  
 AFE #: DCE190623

Intangible Drilling Costs			
Major	Minor	Description	Amount
225	5	ADMINISTRATIVE OVERHEAD	\$12,500
225	10	CASING CREW & EQPT	\$35,000
225	15	CEMENTING INTERMEDIATE CASING	\$60,000
225	20	CEMENTING SURFACE CASING	\$20,000
225	25	COMMUNICATIONS	\$15,000
225	30	COMPLETION FLUIDS	\$45,000
225	40	CONTRACT LABOR	\$30,000
225	45	DAMAGES	\$0
225	50	DAYWORK CONTRACT	\$736,000
225	55	DRILLING - DIRECTIONAL	\$420,000
225	60	DRILLING - FOOTAGE	\$0
225	65	DRILLING BITS	\$105,000
225	70	ELECTRICAL POWER/GENERATION	\$60,000
225	75	ENGINEERING	\$15,000
225	80	ENVIRONMENTAL SERVICES	\$0
225	85	EQUIPMENT RENTAL	\$122,500
225	90	FISHING TOOLS/SERVICES	\$0
225	95	HEALTH & SAFETY	\$0
225	100	HOUSING AND SUPPORT SERVICES	\$45,000
225	105	INSURANCE	\$16,000
225	11	LEGAL, TITLE SERVICES	\$5,000
225	115	MATERIALS & SUPPLIES	\$0
225	120	MISCELLANEOUS	\$0
225	125	MOUSE/RATHOLE/CONDUCT PIPE	\$5,000
225	130	MUD & CHEMICALS	\$120,000
225	140	OPENHOLE LOGGING	\$100,000
225	145	PERMITS, LICENSES, ETC	\$2,000
225	150	POWER FUEL & WATER HAULING	\$0
225	155	RIG MOVE & RACKING COSTS	\$200,000
225	160	RIG UP TEAR OUT & STANDBY	\$50,000
225	165	STAKING & SURVEYING	\$6,000
225	170	SUPERVISION	\$96,000
225	175	SUPERVISION - GEOLOGICAL	\$24,000
225	180	TRANSPORTATION/TRUCKING	\$25,000
225	55	CONTINGENCY 5%	\$118,500
Total Intangible Drilling Costs:			\$2,488,500

Intangible Completion Costs			
Major	Minor	Description	Amount
240	5	ADMINISTRATIVE OVERHEAD	\$12,500
240	10	CASED HOLE LOGS & SURVEYS	\$15,000
240	15	CASING CREW & EQPT	\$0
240	20	COILED TUBINGS/SHUDDING UNIT	\$130,000
240	25	COMMUNICATIONS	\$15,000
240	30	COMPANY DIRECT LABOR	\$15,000
240	35	COMPLETION/WORKOVER RIG	\$50,000
240	45	CONTRACT LABOR/ROUSTABOUTS	\$0
240	50	DAMAGES/RECLAMATION	\$25,000
240	55	DISPOSAL SOLIDS	\$0
240	60	ELECTRICAL POWER/GENERATION	\$0
240	65	ENVIRONMENTAL/CLEANUP	\$0
240	70	FISHING TOOLS / SERVICES	\$0
240	75	FUEL, POWER/DIESEL	\$200,000
240	80	HEALTH & SAFETY	\$10,000
240	85	HOUSING AND SUPPORT SERVICES	\$0
240	90	MATERIALS & SUPPLIES	\$0
240	95	MISCELLANEOUS	\$50,000
240	100	MUD & CHEMICALS	\$0
240	110	PERMITS COSTS	\$0
240	115	PERFORATING/WIRELINE SERVICE	\$200,000
240	120	PIPE INSPECTION	\$25,000
240	125	ROAD, LOCATIONS REPAIRS	\$25,000
240	130	STIMULATION	\$4,400,000
240	135	SUBSURFACE EQUIPMENT/ RENTAL	\$0
240	140	SUPERVISION	\$42,000
240	145	SURFACE EQUIP RENTAL	\$40,000
240	150	TRANSPORTATION/TRUCKING	\$20,000
240	155	WATER HEATING	\$0
240	160	WELDING SERVICES	\$0
240	165	WELL TESTING/LOWBACK	\$100,000
240	60	CONTINGENCY COSTS 5%	\$268,725
Total Intangible Completion Costs:			\$5,643,725

Tangible Drilling Costs			
Major	Minor	Description	Amount
230	5	CONSTRUCTION/LOCATION & ROAD	\$80,000
230	10	INTERMEDIATE CASING & ATTACHMENTS	\$285,000
230	20	PACKERS/SLEEVES/PLUGS	\$0
230	25	PRODUCTION CASING & ATTACHMENTS	\$580,000
230	30	SITE RESTORATION	\$0
230	35	SURFACE CASING & ATTACHMENTS	\$65,000
230	40	TAXES	\$0
230	45	WELLHEAD EQUIPMENT/CASING BOWL	\$30,000
Total Tangible Drilling Costs:			\$1,050,000

Tangible Completion Costs			
Major	Minor	Description	Amount
245	5	ARTIFICIAL LIFT	\$250,000
245	10	ENGINEERING	\$10,000
245	15	FLOWLINES	\$10,000
245	20	FLUIDS/HAULING/DISPOSAL	\$115,000
245	25	FRAC STRING	\$50,000
245	30	FRAC WATER/COMPLETION FLUID	\$360,000
245	40	PACKERS/SLEEVES/PLUGS/SL MANDRELS	\$25,000
245	45	PRODUCTION LINER	\$0
245	50	PRODUCTION PROCESSING FACILITY	\$0
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

Office Use Only:

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:			\$878,500

Total Drill	\$3,538,500.00
Total Completion	\$7,032,725.00
Total Intangible	\$8,131,725.00
Total Tangible	\$2,419,500.00
Total AFE	\$10,551,225.00

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: [Signature] Date: 6/7/2019  
 David Ramsden-Wood  
 Chief Operating Officer

Well Owner: \_\_\_\_\_  
 Approved By: \_\_\_\_\_ Date: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

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



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

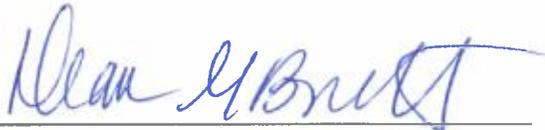
**APPLICATION OF FRANKLIN MOUNTAIN  
ENERGY, LLC FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 21519**

**AFFIDAVIT**

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

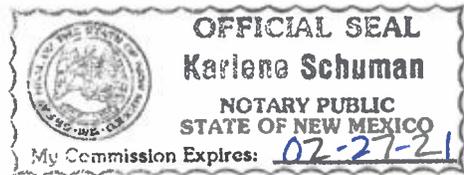
Deana M. Bennett, attorney in fact and authorized representative of Franklin Mountain Energy, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under a notice letter, attached, and that proof of receipt is attached hereto. I also state that notice of the November 5, 2020 hearing was published in the Hobbs News-Sun on October 14, 2020, as reflected in the attached Affidavit of Publication.

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

SUBSCRIBED AND SWORN to before me this 2nd day of November, 2020 by Deana M. Bennett.

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

My commission expires: 2-27-21





MODRALL SPERLING  
LAWYERS

October 9, 2020

Deana M. Bennett  
505.848.1834  
[Deana.Bennett@modrall.com](mailto:Deana.Bennett@modrall.com)

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

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

**CASE NO. 21519**

**TO: AFFECTED PARTIES**

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

In Case No. 21519, FME seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring 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 603H** well to be horizontally drilled. FME’s 320-acre horizontal spacing unit for the Parade State 603H well will overlap with part of an existing FME 640-acre spacing unit for the Bone Spring formation that covers the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, which is approved under Division Order R-21170. The producing area for the Parade State 603H well will be orthodox. Also to be considered will be the cost of drilling, completing, and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Franklin Mountain Energy, LLC as operator of the well, and a 200% charge for risk involved in drilling said well.

**During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on November 5, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>.**

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

Modrall Spierling  
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)

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 this case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,



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. 21519

**APPLICATION**

Franklin Mountain Energy, LLC (“FME”), OGRID Number 373910, through its undersigned attorneys, hereby files this application with 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 W/2 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 W/2 E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, spacing unit.
3. FME plans to drill the **Parade State 603H** well to a depth sufficient to test the Bone Spring formation.
4. The well will be horizontally drilled and will be drilled at orthodox locations under the Division’s rules.
5. FME’s 320-acre horizontal spacing unit for the Parade State 603H well will overlap with part of an existing FME 640-acre spacing unit for the Bone Spring formation that

covers the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, which is approved under Division Order R-21170.

6. Order R-21170 designates FME as the operator of the E/2 Unit and two wells: the Beauty Queen Fed Com 604H well and the Parade State 603H well.

7. FME's development plans have changed and FME desires to have a separate spacing unit for the Parade State 603H well.

8. Because FME's proposed spacing unit will partially overlap an existing spacing unit, notice of this application will be provided as required by Rule 19.15.16.15.B(9) NMAC.

9. FME is filing a separate application to amend Order R-21770 to remove the Parade State 603H well from Order R-21770.

10. 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 well or to otherwise commit their interests to the well.

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

WHEREFORE, FME requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2 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 well to be drilled thereon;

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

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

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

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

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

**CASE NO. 21519. 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 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 603H** well to be horizontally drilled. FME's 320-acre horizontal spacing unit for the Parade State 603H well will overlap with part of an existing FME 640-acre spacing unit for the Bone Spring formation that covers the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, which is approved under Division Order R-21170. The producing area for the Parade State 603H well will be orthodox. Also to be considered will be the cost of drilling, completing, and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Franklin Mountain Energy, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. 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  
 10/09/2020

Firm Mailing Book ID: 196883

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0075 8514 88	Lista Catherine Ammirati McDonald 3950 E. Midas Ave. Rocklin CA 95677	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
2	9314 8699 0430 0075 8514 95	Cayuga Royalties LLC P.O. Box 540711 Houston TX 77254	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
3	9314 8699 0430 0075 8515 01	Prevail Energy LLC 521 Dexter St. Denver CO 80220	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
4	9314 8699 0430 0075 8515 18	Rheiner Holdings LLC P.O. Box 980552 Houston TX 77098	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
5	9314 8699 0430 0075 8515 25	Monticello Minerals LLC 5528 Vickery Blvd Dallas TX 75206	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
6	9314 8699 0430 0075 8515 32	Viper Energy Partners LLC 500 W. Texas Ave., Suite 1200 Midland TX 79701	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
7	9314 8699 0430 0075 8515 49	BC Operating Inc. 4000 N. Big Spring, Suite 310 Midland TX 79705	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
8	9314 8699 0430 0075 8515 56	Constitution Resources II, LP 5707 Southwest Parkway Austin TX 78735	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
9	9314 8699 0430 0075 8515 63	Tap Rock Resources, LLC 523 Park Point Drive Suite #200 Golden CO 80401	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
10	9314 8699 0430 0075 8515 70	Heirs or devisees of Dock C. Coates c/o D.B. Coates P.O. Box 1443 Lakeside UT 85929	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
11	9314 8699 0430 0075 8515 87	Heirs or devisees of Dock C. Coates c/o Irene Coates 609 Copper Ln., Santaquin 609 Copper Ln. 609 Copper Ln. Santaquin UT 84655	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
12	9314 8699 0430 0075 8515 94	Heirs or devisees of Dock C. Coates c/o Irene Coates 475 S 300 W, Santaquin 475 S 300 W 475 S 300 W Santaquin UT 84655	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
13	9314 8699 0430 0075 8516 00	Heirs or devisees of Dock C. Coates c/o Irene Coates 499 W Pacific Dr, American Fork 499 W Pacific Dr 499 W Pacific Dr American Fork UT 84003	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice



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

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 10/09/2020

Firm Mailing Book ID: 196883

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
14	9314 8699 0430 0075 8516 17	Heirs or devisees of Dock C. Coates c/o James Ronald Stanley 3608 North County Road 1130 3608 North County Road 1130 3608 North County Road 1130 Midland TX 79705	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
15	9314 8699 0430 0075 8516 24	Heirs or devisees of Dock C. Coates c/o Kimberly Franzoy Becker 3147 Adobe Dam Rd. 3147 Adobe Dam Rd. 3147 Adobe Dam Rd. Phoenix AZ 85027	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
16	9314 8699 0430 0075 8516 31	Heirs or devisees of Dock C. Coates Mary O.Coates 3719 S. Eunice Hwy 3719 S. Eunice Hwy 3719 S. Eunice Hwy Hobbs NM 88240	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
17	9314 8699 0430 0075 8516 48	Heirs or devisees of Dock C. Coates Sharon Lyde Miller PO Box 666 PO Box 666 PO Box 666 Overton NV 89040	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
18	9314 8699 0430 0075 8516 55	Heirs or devisees of Dock C. Coates Sharon Lyde Miller 780 E. Lee Ave. 780 E. Lee Ave. 780 E. Lee Ave. Overton NV 89040	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
19	9314 8699 0430 0075 8516 62	Heirs or devisees of Dock C. Coates Timothy G.Coates PO Box 23 PO Box 23 PO Box 23 Red Rock NM 88055	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
20	9314 8699 0430 0075 8516 79	Heirs or devisees of Dock C. Coates Oscar Sherman Coates 2201 W Madison St. Phoenix AZ 86401	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
21	9314 8699 0430 0075 8516 86	Heirs or devisees of Dock C. Coates or Alice Coates Miller 124 Chestman Ave Kingman AZ 86401	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
22	9314 8699 0430 0075 8516 93	Heirs or devisees of Dock C. Coates or Alice Coates Miller PO Box 98 #C21 Niland CA 92257	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice



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Karlene Schuman  
 Modrall Sperling Roehl Harris & Sisk P.A.  
 500 Fourth Street, Suite 1000  
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Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
23	9314 8699 0430 0075 8517 09	Heirs or devisees of Dock C. Coates or Alice Coates Miller 185 Beverly Dr. Banning CA 92220	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
24	9314 8699 0430 0075 8517 16	Heirs or devisees of Dock C. Coates or Alice Coates Miller 12618 3rd St #25 Yucaipa CA 92399	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
25	9314 8699 0430 0075 8517 23	Heirs or devisees of Dock C. Coates or Alice Coates Miller 780 Lee Ave Overton NV 89040	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
26	9314 8699 0430 0075 8517 30	Heirs or devisees of Dock C. Coates or Alice Coates Miller 7323 S Denker Ave Los Angeles CA 90047	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
27	9314 8699 0430 0075 8517 47	Heirs or devisees of Dock C. Coates or Alice Coates Miller 5160 Carfax Ave Lakewood CA 90713	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
28	9314 8699 0430 0075 8517 54	Heirs or devisees of Dock C. Coates or Alice Coates Miller 5121 N Huffman Rd Kingman AZ 86409	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
29	9314 8699 0430 0075 8517 61	Heirs or devisees of Dock C. Coates or Alice Coates Miller 11th Ave Rt 6 BX 1386C Phoenix AZ 85007	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
30	9314 8699 0430 0075 8517 78	Heirs or devisees of Dock C. Coates or Alice Coates Miller 2238 N 24th St Milwaukee WI 53205	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
31	9314 8699 0430 0075 8517 85	Heirs or devisees of Dock C. Coates or Alice Coates Miller 5227 N 66th St Milwaukee WI 53218	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
32	9314 8699 0430 0075 8517 92	Heirs or devisees of Dock C. Coates Alice Coates Miller 2908 Highland Dr Colgate WI 53017	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
33	9314 8699 0430 0075 8518 08	Heirs or devisees of Dock C. Coates or Alice Coates Miller 2917 Arthur St Kingman AZ 86409	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
34	9314 8699 0430 0075 8518 15	Heirs or devisees of Dock C. Coates or Alice Coates Miller 3501 E Virginia Ave Phoenix AZ 85008	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice



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

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Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
35	9314 8699 0430 0075 8518 22	Heirs or devisees of Dock C. Coates or Alice Coates Miller 874 E 56th St, Los Angeles Los Angeles CA 90011	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
36	9314 8699 0430 0075 8518 39	Heirs or devisees of Dock C. Coates or devisees of Delray Coates Wright 507 S Mineola Midland TX 79701	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
37	9314 8699 0430 0075 8518 46	Heirs or devisees of Dock C. Coates or devisees of Delray Coates Wright PO Box 751 Sonora TX 76950	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
38	9314 8699 0430 0075 8518 53	Heirs or devisees of Dock C. Coates or devisees of Delray Coates Wright 305 E California Midland TX 79701	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
39	9314 8699 0430 0075 8518 60	Heirs or devisees of Dock C. Coates or devisees of Delray Coates Wright 728 Beckley Dr Midland TX 79703	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
40	9314 8699 0430 0075 8518 77	State of New Mexico, SLO 310 Old Santa Fe Trail Santa Fe NM 87501	\$1.20	\$3.55	\$1.70	\$0.00	10154. -No. 21519. Notice
Totals:			\$48.00	\$142.00	\$68.00	\$0.00	
<b>Grand Total:</b>						<b>\$258.00</b>	

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

40

40

PRC

33

Transaction Report Details - CertifiedPro.net  
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# Affidavit of Publication

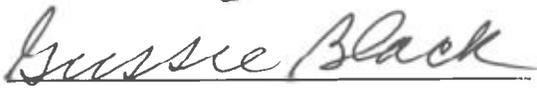
STATE OF NEW MEXICO  
COUNTY OF LEA

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).

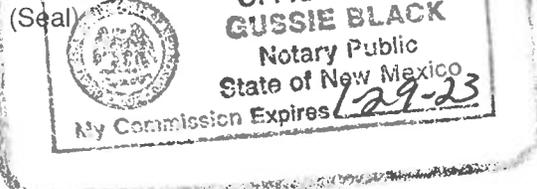
Beginning with the issue dated  
October 14, 2020  
and ending with the issue dated  
October 14, 2020.

  
\_\_\_\_\_  
Publisher

Sworn and subscribed to before me this  
14th day of October 2020.

  
\_\_\_\_\_  
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 NOTICE October 14, 2020

CASE NO. 21519: Notice to all affected parties, as well as the heirs and devisees of Lista Catherine Ammirati McDonald; Cayuga Royalties, LLC; Prevail Energy, LLC; Rheiner Holdings, LLC; Monticello Minerals, LLC; Viper Energy Partners, LLC; BC Operating Inc.; Constitution Resources II, LP; Tap Rock Resources, LLC; Heirs or devisees of Dock C. Coates c/o D.B. Coates; Heirs or devisees of Dock C. Coates c/o Irene Coates; Heirs or devisees of Dock C. Coates c/o James Ronald Stanley; Heirs or devisees of Dock C. Coates c/o Kimberly Franzoy Becker; Heirs or devisees of Dock C. Coates c/o Mary O. Coates; Heirs or devisees of Dock C. Coates c/o Sharon Lyde Miller; Heirs or devisees of Dock C. Coates c/o Timothy G. Coates; Heirs or devisees of Dock C. Coates c/o Oscar Sherman Coates; Heirs or devisees of Dock C. Coates c/o Alice Coates Miller; Heirs or devisees of Dock C. Coates or devisees of Delray Coates Wright, State of New Mexico State Land Office 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 November 5, 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 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 603H well to be horizontally drilled. FME's 320-acre horizontal spacing unit for the Parade State 603H well will overlap with part of an existing FME 640-acre spacing unit for the Bone Spring formation that covers the E/2 of Sections 2 and 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, which is approved under Division Order R-21170. The producing area for the Parade State 603H well will be orthodox. Also to be considered will be the cost of drilling, completing, and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Franklin Mountain Energy, LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 9 miles Northwest of Jal, New Mexico.  
#35897

01104570

00247455

DOLORES SERNA  
MODRALL, SPERLING, ROEHL, HARRIS &  
P. O. BOX 2168  
ALBUQUERQUE, NM 87103-2168

**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. 21519  
(Parade State 603H)**

**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 8** is a locator map showing the approximate location of Franklin’s Carnival Development Area, which contains the proposed unit, in relation to the Capitan Reef.

5. **Exhibit 9** is a wellbore schematic showing Franklin’s overall Carnival development plan, which includes the Parade State 603H well, which is identified by a blue circle around a blue dot.

6. The exhibits behind **Tab 10** are the geology study I prepared for the Parade State 603H well.

7. **Exhibit 10-A** is structure map of top of the Third Bone Spring Sand. The proposed project area is identified by a pink box, and the proposed well is identified by pink dashed lines. The contour interval used this exhibit is 25 feet. This exhibit shows that the structure dips to the east.

8. **Exhibit 10-B** identifies four wells in the vicinity of the proposed well, shown by a blue line of cross-section running from A to A'.

9. **Exhibit 10-C** is a stratigraphic cross section hung on the top 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 well 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 10-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 11** 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. The Parade State 603H well is oriented north/south, nearly orthogonal to the  $S_{hmax}$ , optimal for induced fracture propagation.

15. Exhibits 8-11 were prepared by me 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  
Ben Kessel

SUBSCRIBED AND SWORN to before me this 2nd day of November 2020 by Ben Kessel, on behalf of Franklin Mountain Energy, LLC.



Karlene Schuman  
Notary Public

# Carnival Development



## Locator Map



- Black box shows the location of the Carnival development area
- The Parade State 603H well is located outside of the western edge of the Capitan Reef

tabbles®  
**C-8**  
**EXHIBIT**

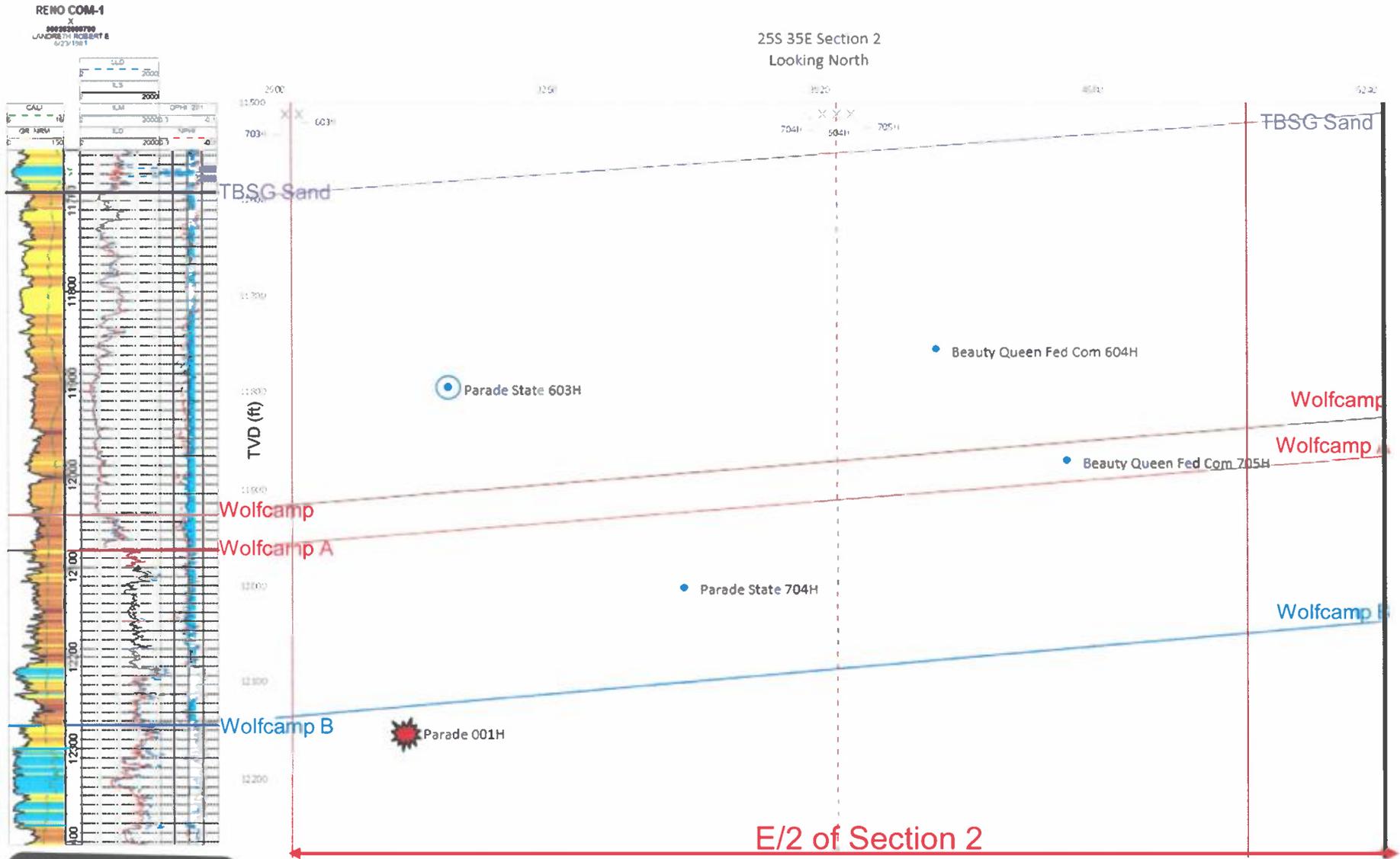
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# Wellbore Schematic



Distance From West Line (ft)

25S 35E Section 2  
Looking North



**EXHIBIT**  
C-9

Existing Lateral      Proposed Lateral

14

# Parade State 603H

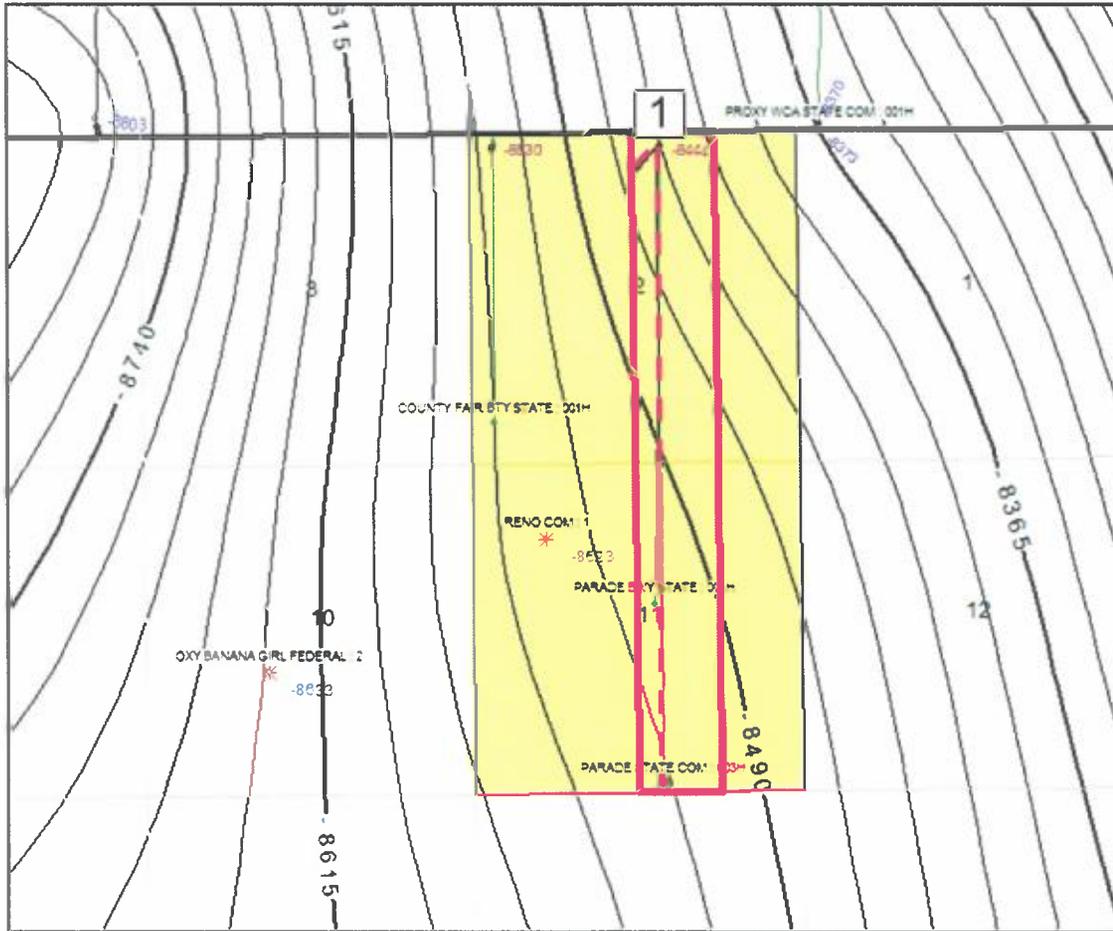
*Case No. 21519*

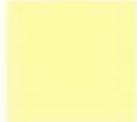
*Bone Spring*



# Third Bone Spring Structure Map (SSTVD)

Case No. 21519: Parade State 603H



 Franklin Mountain Acreage

 Bone Spring Unit Acreage

Proposed Horizontal Location

 Parade State 603H

C.I. = 25'

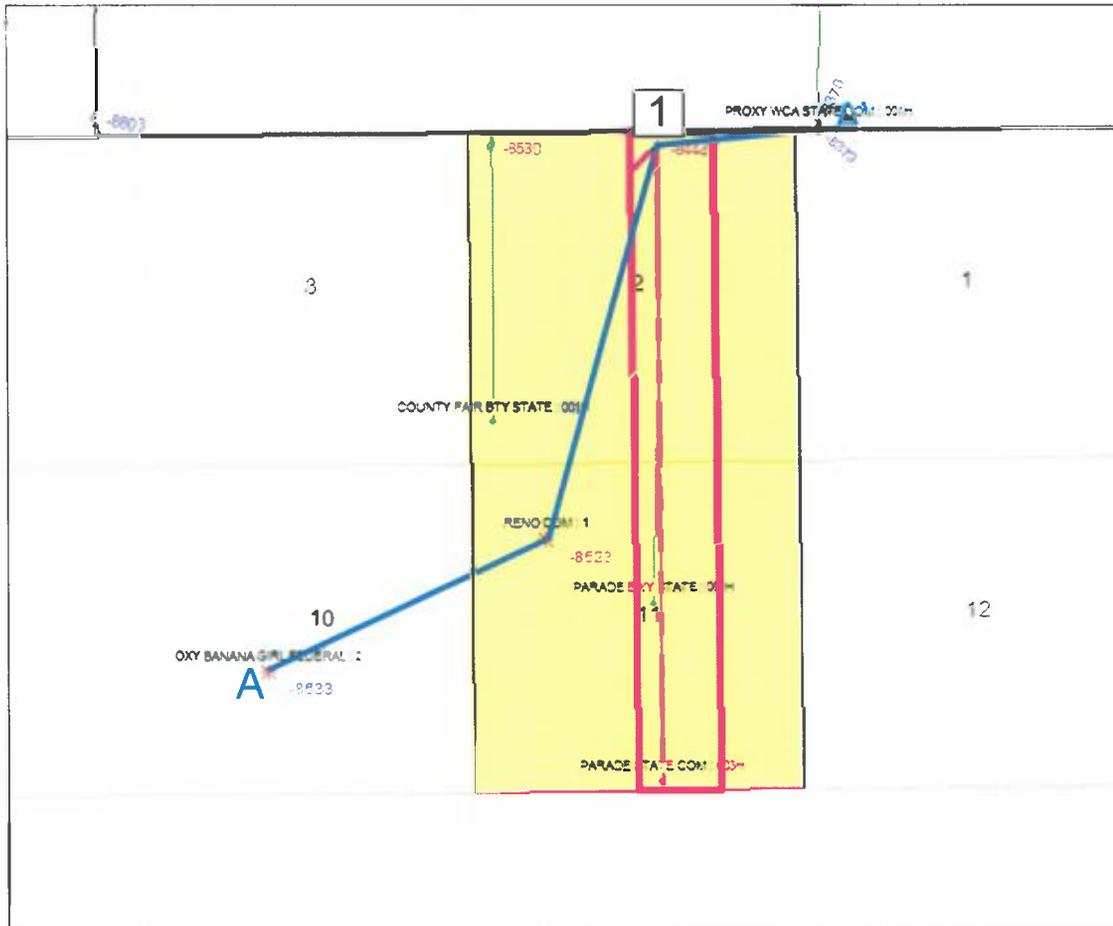
1 mile



43

# Third Bone Spring Cross Section Reference Map

Case No. 21519: Parade State 603H



Franklin Mountain Acreage
  Bone Spring Unit

Proposed Horizontal Location

1 Parade State 603H

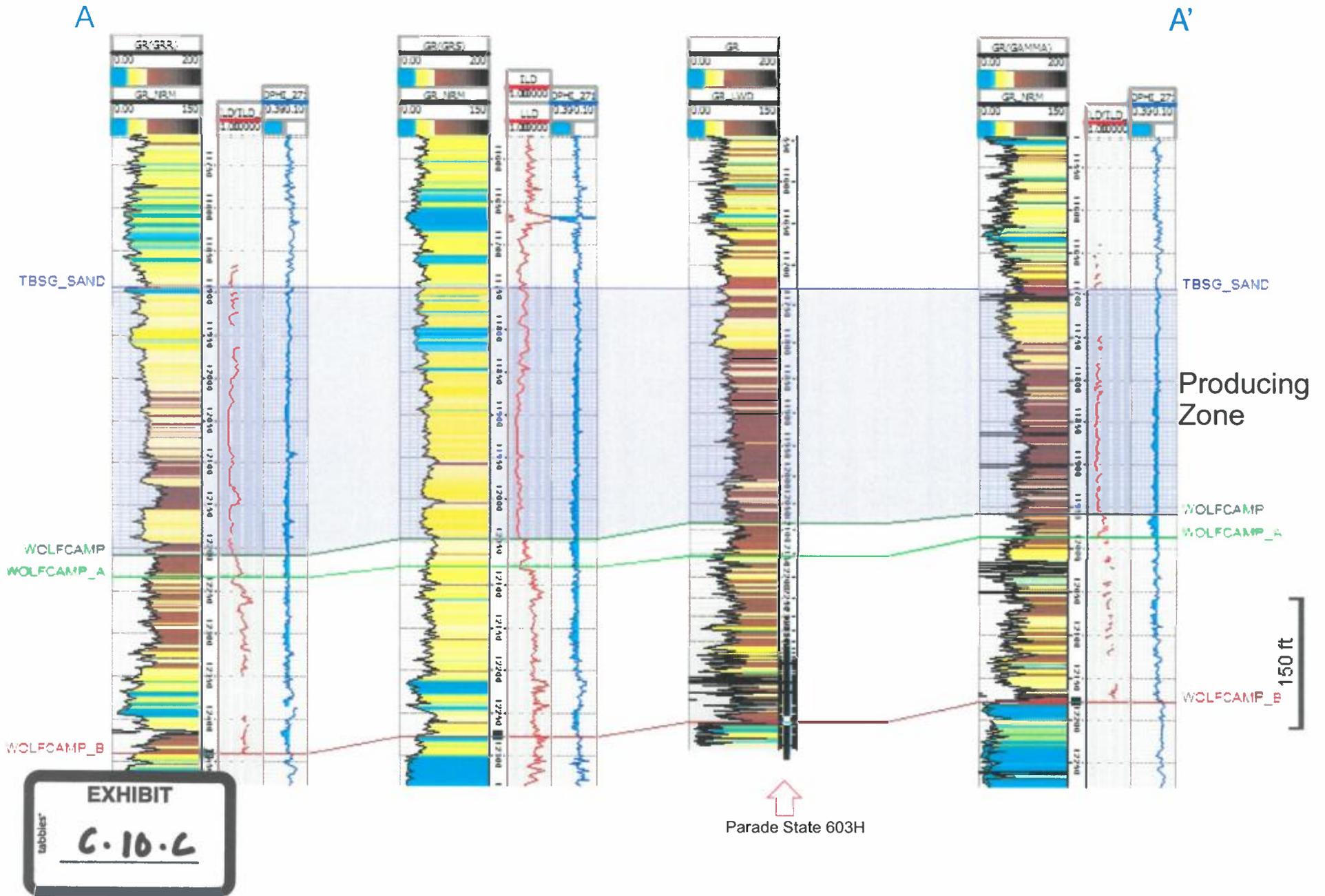
Cross Section Line

1 mile

tabbies®  
**EXHIBIT**  
**C-10-B**

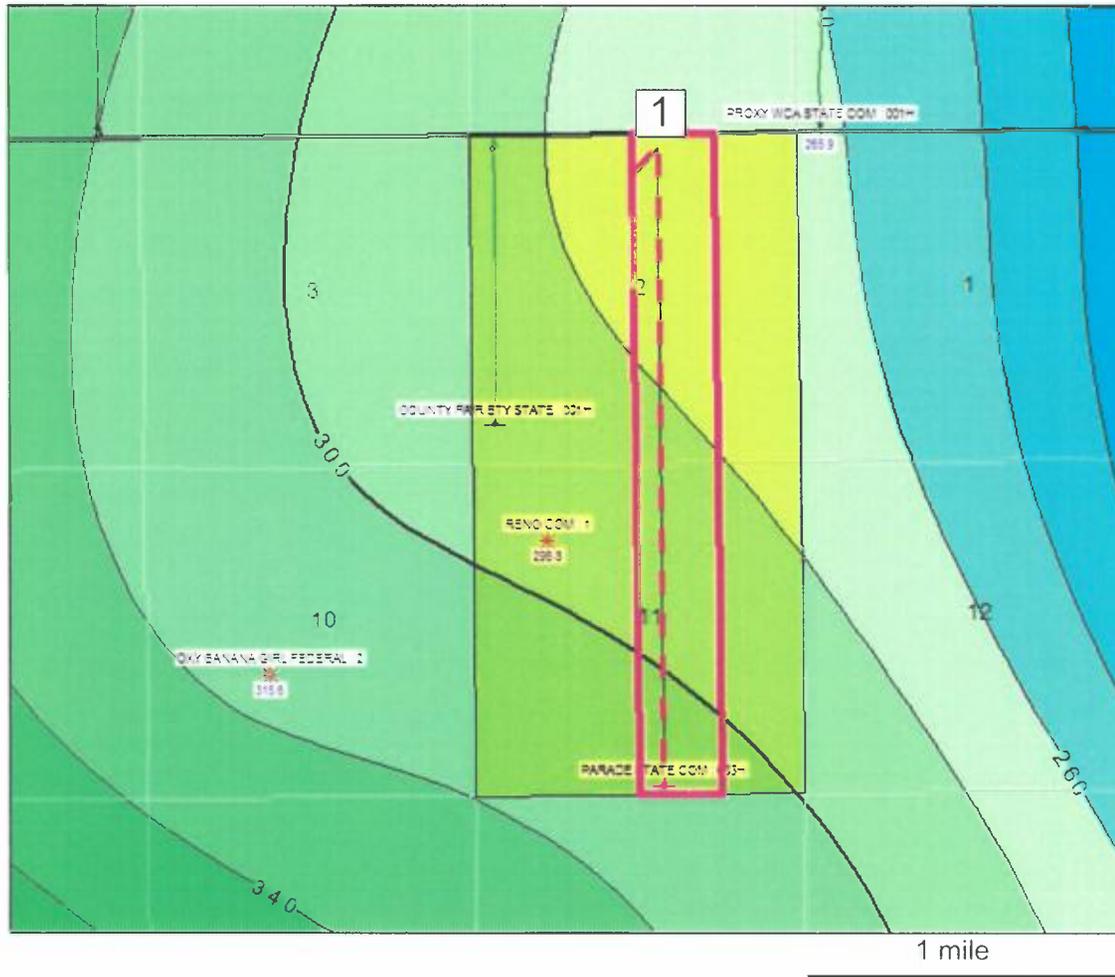
44

# Third Bone Spring Sand Cross Section



# Third Bone Spring Sand Isochore Map

Case No. 21519: Parade State 603H



Franklin Mountain Acreage

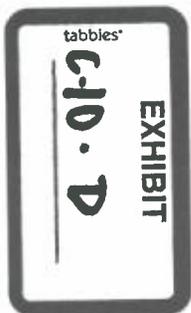


Bone Spring Unit Acreage

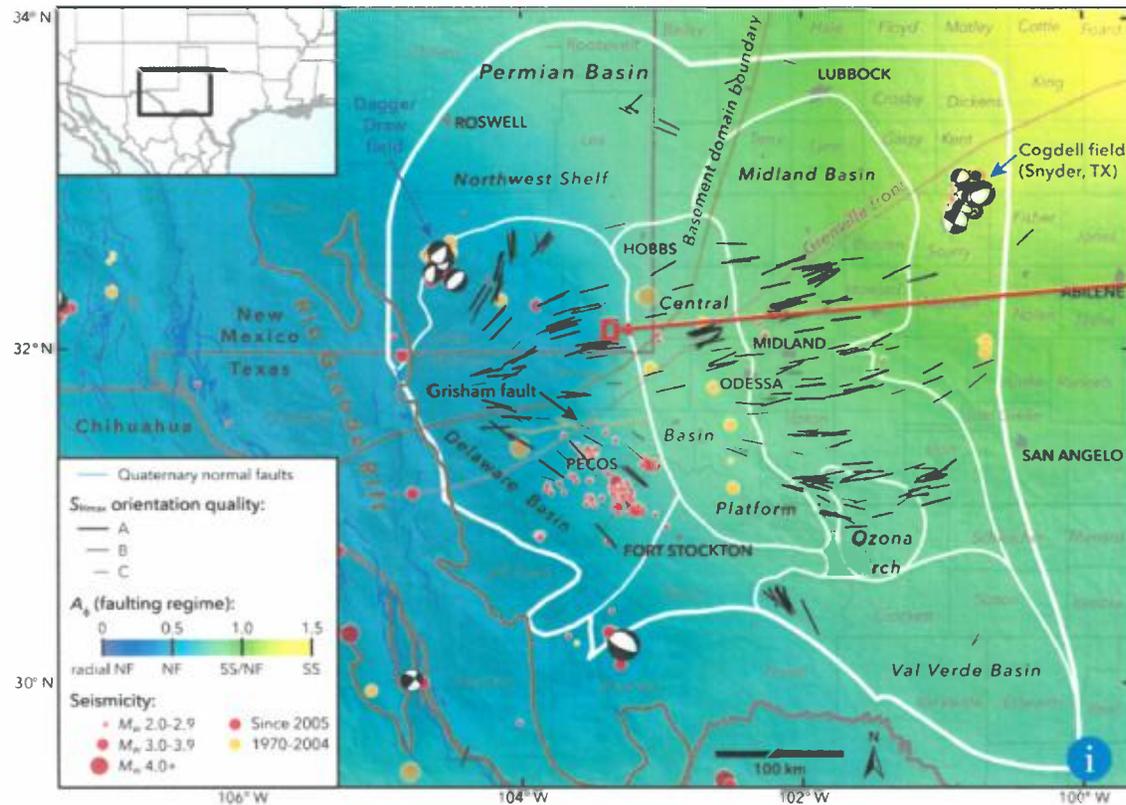
Proposed Horizontal Location

1

Parade State 603H



# Regional Stress



- Red box shows the approximate location of Carnival development
- Reported local  $S_{Hmax}$  (Snee and Zoback, 2018) direction is ENE, around  $265^\circ$
- Parade State 603H well is planned to drill N-S, nearly orthogonal to  $S_{Hmax}$ , optimal for induced fracture propagation



Snee, J.L. and Zoback, M.D., 2018, State of stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity: The Leading Edge, 37, no. 2  
[http://www.tleonline.org/theleadingedge/february\\_2018/MobilePagedArticle.action?articleId=1331603#articleId1331603](http://www.tleonline.org/theleadingedge/february_2018/MobilePagedArticle.action?articleId=1331603#articleId1331603)