

ID NO. 357550

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Franklin Mountain Energy 3, LLC**OGRID Number:** 331595**Well Name:** Tag State Com 704H**API:** 30-025-52728**Pool:** Lea; Wolfcamp (Gas)**Pool Code:** 80060

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☒ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐

Notice Complete

☐Application
Content
Complete

3) CERTIFICATION: I hereby certify that the information submitted with this application for
 administrative approval is **accurate** and **complete** to the best of my knowledge. I also
 understand that **no action** will be taken on this application until the required information and
 notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Deana M. Bennett

Print or Type Name

/s/ Deana M. Bennett

Signature

06/25/2024

Date

505-848-1834

Phone Number

deana.bennett@modrall.com

e-mail Address



MODRALL SPERLING

L A W Y E R S

June 25, 2024

VIA E-FILING

Deana M. Bennett
505.848.1834
dmb@modrall.com

Acting Director Dylan Fuge
And
OCD Engineering Bureau
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Franklin Mountain Energy 3, LLC for administrative approval of unorthodox well location for its Tag State Com 704H well located in a horizontal spacing unit underlying Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent) and the E/2 of Section 11, Township 20 South, Range 35 East, Lea County, New Mexico ***and Request for Expedited Review***

Dear Director Fuge/OCD Engineering Bureau:

Pursuant to Division rules 19.15.16.15(C)(6) and 19.15.15.13 NMAC, Franklin Mountain Energy 3, LLC ("Franklin") (OGRID 331595) seeks administrative approval of an unorthodox well location ("NSL") for its Tag State Com 704H well (API No. 30-025-52728) (the "Well"). The Well will be located in a 641.27-acre,¹ more or less, standard spacing unit underlying Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent) and the E/2 of Section 11, Township 20 South, Range 35 East, Lea County, New Mexico. C-102s for the Well are attached as Exhibit A.

As the C-102s demonstrate, the Well will traverse both Sections 2 and 11, Township 20 South, Range 35 East. The pool and pool code for Section 2 is the Pearl, Wolfcamp, South Pool (Pool Code 49870), which is an oil pool. The Well is at an orthodox (standard) location in Section 2, and thus Franklin does not

¹ The unit is 641.27-acres because Franklin will be drilling a proximity tract well, the Tag State Com 803H, which allows Franklin to include the adjacent acreage in standard unit.

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

need non-standard location approval for Section 2. The pool underlying Section 11 is, however, a gas pool—Lea; Wolfcamp (Gas) (Pool Code 80060). Because the pool underlying Section 11 is a gas pool, Franklin is requesting a non-standard location *only* for that portion of the Well that traverses Section 11.²

The Lea; Wolfcamp (Gas) Pool is a gas pool subject to the state-wide rules, which establish a 330' setback for last take points. The Well's last take point will be closer than 330' in Section 11, which requires an NSL approval. As shown on Exhibit A, this is a horizontal well that will be drilled as follows:

- Surface Hole Location: 266' FNL & 1,156' FEL of Section 2-T20S-R35E;
- First Take Point: 100' FNL & 980' FEL of Section 2- T20S-R35E (Standard Location);
- Last Take Point/Bottom Hole Location: 100' FSL & 980' FEL of Section 11- T20S-R35E (Non-Standard Location).

Franklin has included as Exhibit B a letter explaining why this application is needed.

Franklin also provides a map of the area, attached as Exhibit C, which shows the tracts upon which the unorthodox location will encroach. As discussed above, the Well's last take point is proposed to be closer than 330'. See Exhibit A (C-102). The unorthodox location will encroach towards the NE/4 of Section 14, Township 20 South, Range 35 East.

Pursuant to Rule 19.15.4.12(A)(2) and Rule 19.15.2.7(A)(3), Franklin, through its undersigned counsel, provided notice to the operators and/or working interest owners identified in the offset owner chart included in Exhibit D and is also providing notice to the Bureau of Land Management. Proof of mailing, along with a copy of the notice letter sent to affected parties, is attached hereto as Exhibit D.


Franklin respectfully requests expedited review of this NSL application for several reasons. First, Franklin has approved permits and is hoping to receive its approved pooling orders in the near term. Second, the Tag State wells are on Franklin's rig schedule with an anticipated start date of October 1st, 2024. If the NSL is not approved, Franklin would need to move its bottom hole locations but that would result in waste and would not result in the most efficient recovery from the Well. If the pool underlying Section 11 was the same pool as under Section 2, Franklin would not need a non-standard location approval, and so approving the NSL in an expedited fashion so that Franklin does not need to

² Franklin is submitting NSL applications for three other wells in conjunction with this request; namely for the Tag State Com 703H well, the Tag State Com 803H well, and the Tag State Com 804H well.

shorten its laterals or otherwise move its laterals in Section 11 is, in Franklin's opinion, prevents waste and protects correlative rights.

Your attention to this matter is appreciated.

Sincerely,



Deana M. Bennett

*Attorney for Franklin Mountain
Energy 3, LLC*

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-52728	² Pool Code 80060	³ Pool Name LEA;WOLFCAMP (GAS)
⁴ Property Code	⁵ Property Name TAG STATE COM	⁶ Well Number 704H
⁷ OGRID No. 331595	⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC	⁹ Elevation 3670.4'

¹⁰ Surface Location							
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	East/West line
1	2	20S	35E		266	NORTH	1156
							EAST
							County LEA

¹¹ Bottom Hole Location If Different From Surface							
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	East/West line
P	11	20S	35E		100	SOUTH	980
							EAST
							County LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

¹⁷ OPERATOR CERTIFICATION

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

Rachael Overbey 1/2/2024
Signature Date

Rachael Overbey
Printed Name

roverbey@fmlle.com
E-mail Address

¹⁸ SURVEYOR CERTIFICATION

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

December 12, 2023
Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number:

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

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

SCALE
DRAWN BY: C.S.C. 12-20-23

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
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1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

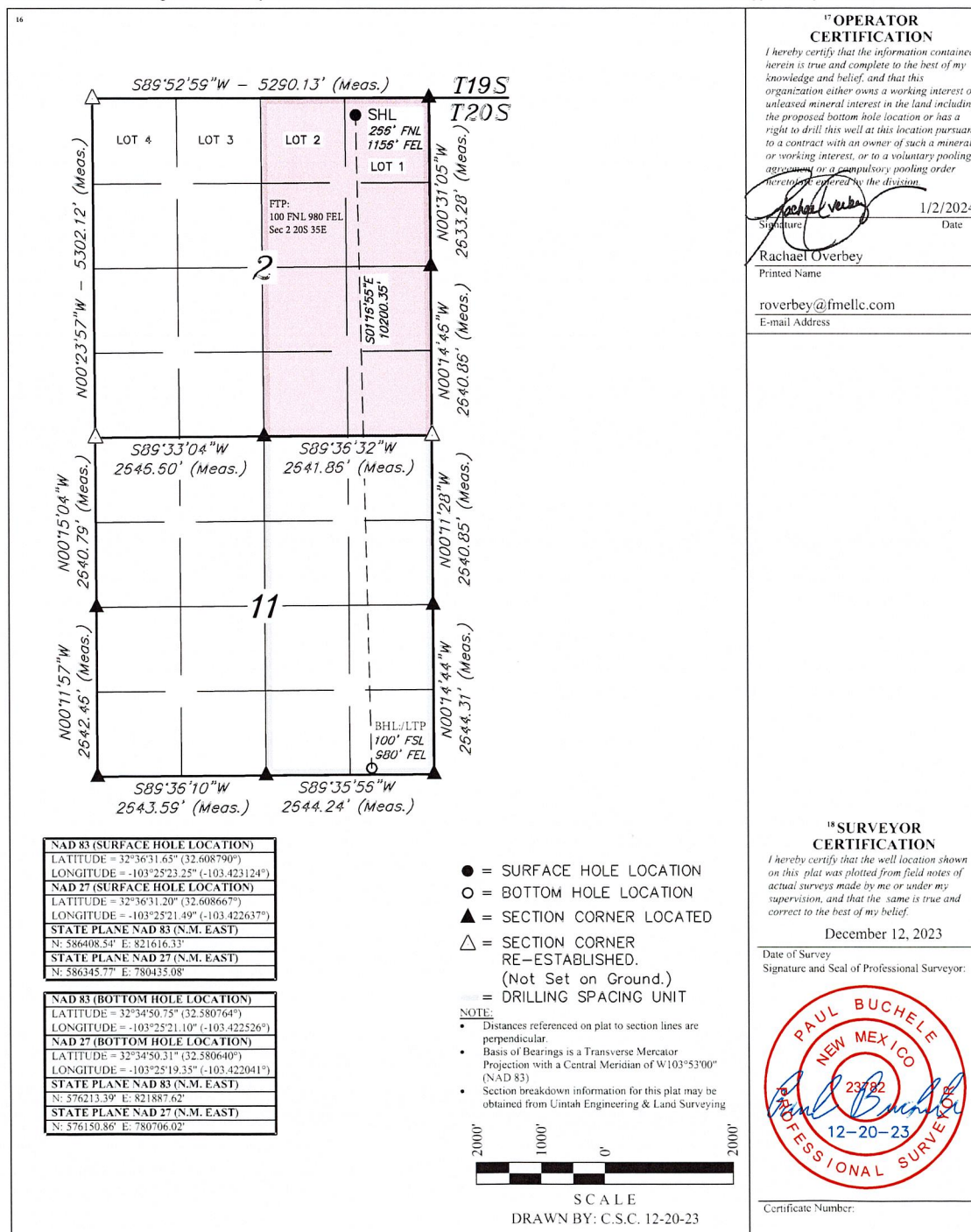
¹ API Number 30-025-52728		² Pool Code 49870		³ Pool Name PEARL; WOLFCAMP, SOUTH	
⁴ Property Code		⁵ Property Name TAG STATE COM			⁶ Well Number 704H
⁷ OGRID No. 331595		⁸ Operator Name FRANKLIN MOUNTAIN ENERGY 3, LLC			⁹ Elevation 3670.4'

10 Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/SOUTH line	Feet from the	East/West line	County
1	2	20S	35E		266	NORTH	1156	EAST	LFA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no. P	Section 11	Township 20S	Range 35E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 980	East/West line EAST	County LEA
¹² Dedicated Acres 321.27		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

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





June 25, 2024

VIA E-FILING

Director Dylan M. Fuge and OCD Engineering Bureau
Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Franklin Mountain Energy 3 for administrative approval of non-standard location for Tag State Com 704H well, located within the E/2 of Sections 2 and 11, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico

Dear Director Fuge/OCD Engineering Bureau:

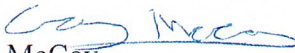
Franklin Mountain Energy 3, LLC ("Franklin"), OGRID Number 331595, respectfully requests administrative approval of non-standard location ("NSL") for the following well (the "Well"):

- Tag State Com 704H well (API No. 30-025-52728)

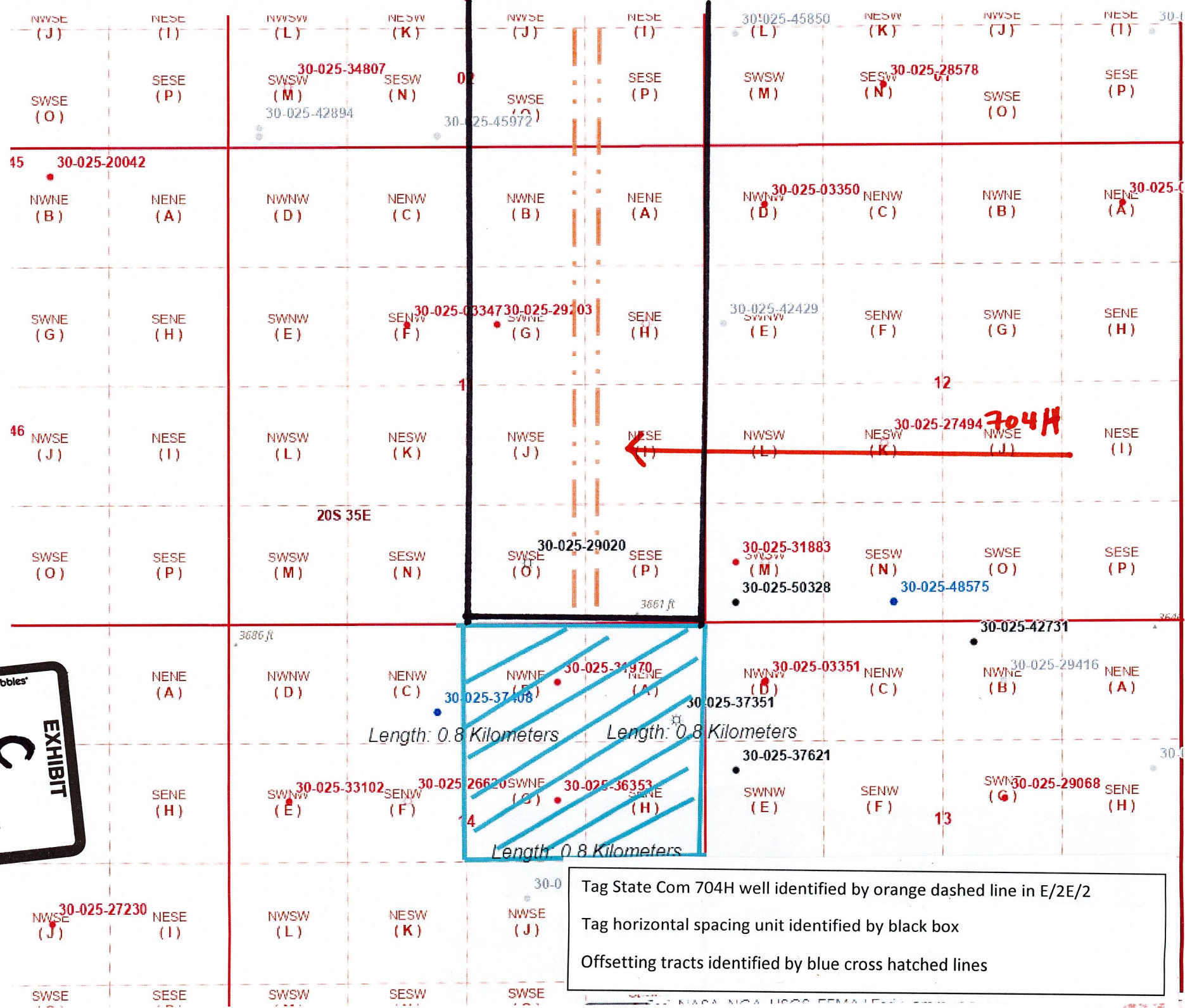
The Well will be located in the E/2 of Sections 2 and 11, Township 20 South, Range 35 East, Lea County, New Mexico. The Well will be completed in two pools: The first take point and first half of the completed lateral will be in Section 2, which is in the Pearl; Wolfcamp, South Pool (Pool Code: 49870), which is an oil pool. The second half of the completed lateral and the last take point will be in Section 11, which is the Lea; Wolfcamp (Gas) Pool (Pool Code: 80060), which is a gas pool. The Well's first take point in Section 2 and completed lateral in Sections 2 and 11 are standard under the Division's rules. The Well's last take point in Section 11 is non-standard under the Division's rules for gas pools (but would be standard if the pool were an oil pool). Franklin is requesting non-standard location approval for the last take point in Section 11 to allow the last take point to be closer than 330' from the outer boundary. Allowing Franklin to complete the well at this non-standard location will result in the greatest recovery of reserves from the unit and will reduce waste.

Thank you for your consideration. Should you have any questions please contact me at cmccoy@fmccllc.com or 720-414-7868.

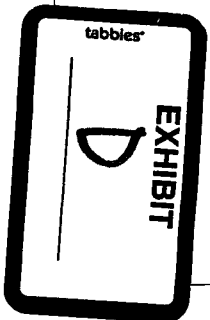
Sincerely,


Cory McCoy
Reservoir Engineer
Franklin Mountain Energy 3, LLC





FME3 Tag State Com 704H Well Lea; Wolfcamp (Gas) Pool				
Tract Number on Offsetting Acreage Map	Offsetting Sections	Operator If Any	WIOs/Unleased Mineral Interest Owners/BLM or State	Date Notice Letter Sent
1	NE/4 Section 14, T20S-R 35E	N/A	<p>Hayes Land & Production Company PO Box 51407 Midland, TX 79710</p> <p>Bursake LLC PO Box 51407 Midland, TX 79710</p> <p>James A. Boss 2200 Carolina Way Roswell, NM 88201</p> <p>Concho Oil & Gas Corp. n/k/a ConocoPhillips PO Box 2197 Houston, TX 77252-2197</p> <p>Eako, LLC PO Box 1090 Roswell, NM 88202</p> <p>Valko, LLC PO Box 1090 Roswell, NM 88202</p> <p>Texakota Oil Company 2707 Kipling Houston, TX 77098</p> <p>Sisbro Oil and Gas, LLC 3600 S. Yosemite St, Ste 810 Denver, CO 80237</p>	June 25, 2024



			<p>Read & Stevens, Inc. PO Box 1518 Roswell, NM 88202</p> <p>Bean Family Limited Company PO Box 1738 Roswell, NM 88202</p> <p>Kimbrough Working Interests, LLC 3707 Camp Bowie Blvd, Ste 220 Fort Worth, TX 76107</p> <p>Jalapeno Corporation PO Box 1608 Albuquerque, NM 87103</p> <p>Chevron USA, Inc. 1400 Smith St Houston, TX 77002</p> <p>Tierra Encantada, LLC PO Box 811 Roswell, NM 88202</p> <p>BLM- United States of America 301 Dinosaur Trail Santa Fe, NM 87508</p>	
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June 25, 2024

Deana M. Bennett
505.848.1834
dmb@modrall.com

VIA CERTIFIED MAIL

TO AFFECTED PARTIES

Re: Application of Franklin Mountain Energy 3, LLC for administrative approval of unorthodox well location for its Tag State Com 704H well located in Lots 1 and 2, S/2 NE/4 and the SE/4 of irregular Section 2 (E/2 equivalent) and the E/2 of Section 11, Township 20 South, Range 35 East, Lea County, New Mexico and Request for Expedited Review

Dear Sir or Madam:

Enclosed is a copy of the above referenced application filed with the New Mexico Conservation Division on this date. Any objections that you have to these applications must be filed in writing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within twenty (20) days from the date the Division receives the above-referenced applications. If no objection is received within this twenty-day period, the applications may be approved administratively by the Division.

If you have any questions concerning this application, please contact:

Cory McCoy
Senior Reservoir Engineer
Franklin Mountain Energy 3, LLC
cmccoy@fmelle.com

Sincerely,

A handwritten signature in blue ink, appearing to read 'Deana M. Bennett', is written over a blue circular stamp.

Deana M. Bennett
*Attorney for Franklin Mountain
Energy 3, LLC*

Modrall Sperling
Roehl Harris & Sisk P.A.

500 Fourth Street NW
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Albuquerque,
New Mexico 87102

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Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
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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
06/25/2024

Firm Mailing Book ID: 268202

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0122 7641 05	Hayes Land and Production Company PO Box 51407 Midland TX 79710	\$2.35	\$4.40	\$2.32	\$0.00	10154.0003. Notice
2	9314 8699 0430 0122 7641 12	Bursake LLC PO Box 51407 Midland TX 79710	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
3	9314 8699 0430 0122 7641 29	James A. Boss 2200 Carolina Way Roswell NM 88201	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
4	9314 8699 0430 0122 7641 36	Concho Oil & Gas Corp. n/k/a ConocoPhillips PO Box 2197 Houston TX 77252	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
5	9314 8699 0430 0122 7641 43	Eako, LLC PO Box 1090 Roswell NM 88202	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
6	9314 8699 0430 0122 7641 50	Valko LLC PO Box 1090 Roswell NM 88202	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
7	9314 8699 0430 0122 7641 67	Texakota Oil Company 2707 Kipling Houston TX 77098	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
8	9314 8699 0430 0122 7641 74	Sisbro Oil & Gas, LLC 3600 S. Yosemite St., Ste 810 Denver CO 80237	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
9	9314 8699 0430 0122 7641 81	Read & Stevens, Inc. PO Box 1518 Roswell NM 88202	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
10	9314 8699 0430 0122 7641 98	Bean Family Limited Company PO Box 1738 Roswell NM 88202	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
11	9314 8699 0430 0122 7642 04	Kimbrough Working Interests, LLC 3707 Camp Bowie Blvd, Ste 220 Fort Worth TX 76107	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
12	9314 8699 0430 0122 7642 11	Jalapeno Corporation PO Box 1608 Albuquerque NM 87103	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
13	9314 8699 0430 0122 7642 28	Chevron USA, Inc. 1400 Smith St. Houston TX 77002	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
14	9314 8699 0430 0122 7642 35	Tierra Encantada, LLC PO Box 811 Roswell NM 88202	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice
15	9314 8699 0430 0122 7642 42	BLM - United States of America 301 Dinosaur Trail Santa Fe NM 87508	\$2.35	\$4.40	\$2.32	\$0.00	Tag 704, 803. Notice

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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
06/25/2024

Firm Mailing Book ID: 268202

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
Totals:			\$35.25	\$66.00	\$34.80	\$0.00	
			Grand Total:		\$136.05		

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
15			

Received by OCD: 6/25/2024 6:07:06 PM

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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District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 357550

CONDITIONS

Operator: Franklin Mountain Energy 3, LLC 44 Cook Street Denver, CO 80206	OGRID: 331595
	Action Number: 357550
	Action Type: [UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	6/26/2024