

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

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

CASE NO. _____

APPLICATION

Franklin Mountain Energy 3, LLC ("Franklin"), OGRID Number 331595, through its undersigned attorneys, hereby files this application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral interests within a 960-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 of Sections 18, 19, and 30, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. In support of this application, Franklin states as follows:

1. Franklin has an interest in the subject lands and has a right to drill and operate wells thereon.
2. Franklin seeks to dedicate the spacing unit to the following wells:
 - a. **Rope State Com 303H** well to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 30 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 18; and
 - b. **Rope State Com 304H** and **Rope State Com 604H** wells to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 30 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 18.
3. The producing area for the wells is expected to be orthodox.

4. The completed interval for the **Rope State Com 303H** well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

5. This proposed horizontal spacing unit will partially overlap with the following existing Bone Spring spacing units:

- a. A 40-acre spacing unit comprised of the NE/4 NE/4 (Unit A) of Section 18, dedicated to Mack Energy Corporation's Leo State #001H well (API 30-025-40243);
- b. A 40-acre vertical spacing unit comprised of the SE/4 NE/4 (Unit H) of Section 18, dedicated to Mack Energy Corporation's Leo State #007H well (API 30-025-41033);
- c. A 40-acre vertical spacing unit comprised of the NW/4 SE/4 (Unit J) of Section 18, dedicated to Mack Energy Corporation's Black Jack State #002H well (API 30-025-41134);
- d. A 40-acre vertical spacing unit comprised of the NE/4 SE/4 (Unit I) of Section 18, dedicated to Mack Energy Corporation's Black Jack State #001H well (API 30-025-40533);
- e. A 40-acre vertical spacing unit comprised of the SE/4 SE/4 (Unit P) of Section 18, dedicated to Mack Energy Corporation's Black Jack State #003H well (API 30-025-41748);
- f. A 160-acre horizontal spacing unit comprised of the W/2 E/2 of Section 19, dedicated to Franklin Mountain Energy 3, LLC's Ironhouse 19 State Com #003H well (API 30-025-41050);

- g. A 160-acre horizontal spacing unit comprised of the E/2 E/2 of Section 19, dedicated to Franklin Mountain Energy 3, LLC's Ironhouse 19 State Com #002H well (API 30-025-41094);
- h. A 160-acre horizontal spacing unit comprised of the W/2 E/2 of Section 30, dedicated to Matador Production Company's Albatross State Com #002H well (API 30-025-41544); and
- i. A 160-acre horizontal spacing unit comprised of the E/2 E/2 of Section 30, dedicated to Matador Production Company's Albatross State Com #001H well (API 30-025-41809).

6. Franklin sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

7. The pooling of all interests in the Bone Spring formation underlying the proposed unit and approving, to the extent necessary, the overlapping spacing unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Franklin requests this application be set for hearing before an Examiner of the Oil Conservation Division on May 2, 2024 and after notice and hearing as required by law, the Division enter its order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2 of Sections 18, 19, and 30, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico;
- B. Approving, to the extent necessary, the proposed overlapping spacing unit;
- C. Designating Franklin as operator of this unit and the wells to be drilled thereon;

- D. Authorizing Franklin to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

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CASE NO. _____: Application of Franklin Mountain Energy 3, LLC for compulsory pooling and, to the extent necessary, approval of an overlapping spacing unit, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 960-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2 of Sections 18, 19, and 30, Township 18 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Franklin also seeks, to the extent necessary, approval of an overlapping spacing unit. This spacing unit will be dedicated to the following wells: **Rope State Com 303H** well to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 30 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 18; and **Rope State Com 304H** and **Rope State Com 604H** wells to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 30 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 18. The producing area for the wells is expected to be orthodox. The completed interval for the Rope State Com 303H well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC. The proposed horizontal spacing unit will partially overlap with the following existing Bone Spring spacing units:

- A 40-acre spacing unit comprised of the NE/4 NE/4 (Unit A) of Section 18, dedicated to Mack Energy Corporation's Leo State #001H well (API 30-025-40243);
- A 40-acre vertical spacing unit comprised of the SE/4 NE/4 (Unit H) of Section 18, dedicated to Mack Energy Corporation's Leo State #007H well (API 30-025-41033);
- A 40-acre vertical spacing unit comprised of the NW/4 SE/4 (Unit J) of Section 18, dedicated to Mack Energy Corporation's Black Jack State #002H well (API 30-025-41134);
- A 40-acre vertical spacing unit comprised of the NE/4 SE/4 (Unit I) of Section 18, dedicated to Mack Energy Corporation's Black Jack State #001H well (API 30-025-40533);
- A 40-acre vertical spacing unit comprised of the SE/4 SE/4 (Unit P) of Section 18, dedicated to Mack Energy Corporation's Black Jack State #003H well (API 30-025-41748);
- A 160-acre horizontal spacing unit comprised of the W/2 E/2 of Section 19, dedicated to Franklin Mountain Energy 3, LLC's Ironhouse 19 State Com #003H well (API 30-025-41050);
- A 160-acre horizontal spacing unit comprised of the E/2 E/2 of Section 19, dedicated to Franklin Mountain Energy 3, LLC's Ironhouse 19 State Com #002H well (API 30-025-41094);
- A 160-acre horizontal spacing unit comprised of the W/2 E/2 of Section 30, dedicated to Matador Production Company's Albatross State Com #002H well (API 30-025-41544); and
- A 160-acre horizontal spacing unit comprised of the E/2 E/2 of Section 30, dedicated to Matador Production Company's Albatross State Com #001H well (API 30-025-41809).

Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Franklin Mountain Energy 3, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 19 miles west of Hobbs, New Mexico.