

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: FAE II Operating, LLC **OGRID Number:** 329326
Well Name: Arnott Ramsay NCT-B #4 **API:** 30-025-26106
Pool: SWD, Seven Rivers-Queen **Pool Code:** 96132

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 holders
B. ☐ Royalty, overriding royalty owners, revenue owners
C. ☐ Application requires published notice
D. ☒ Notification and/or concurrent approval by SLO
E. ☐ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☐ 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.

David Schellstede

Print or Type Name

Signature

12/10/2020

Date

(832) 220-3202

Phone Number

David@FAEnergyus.com

e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC 11757 Katy Fwy. Ste. 1000, Houston, TX 77079

Operator	Address		
Arnott Ramsay NCT-B	4	D-32-25S-37E	Lea
Lease	Well No.	Unit Letter-Section-Township-Range	County
329326	326919	30-025-26106	X
OGRID No.	Property Code	API No.	Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat		Langlie Mattix
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,732' – 3,290'		3,290' – 3,471'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	33.1 API / 1,346 BTU		33.1 API / 1,346 BTU
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	See Attached Date: Rates:	Date: Rates:	See Attached Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 47 % 71 %	Oil Gas % %	Oil Gas 53 % 29 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐
NMOCD Reference Case No. applicable to this well: _____

- Attachments:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - Production curve for each zone for at least one year. (If not available, attach explanation.)
 - For zones with no production history, estimated production rates and supporting data.
 - Data to support allocation method or formula.
 - Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
 - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE M Bates TITLE Engineering Tech DATE 12/16/2020
TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 241-8080
E-MAIL ADDRESS Marshall@FAEnergyus.com

faeIIoperating

December 9, 2020

Mr. Dean McClure
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Arnott Ramsay NCT-B #004: API 30-025-26106
Jalmat Pool: 33820
Langlie Mattix Pool: 37240

Dear Mr. McClure:

FAE II Operating LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed above.

If you have any questions, please feel free to contact the undersigned by phone at (832) 219-0809 or by email at rebecca@faenergyus.com.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Rebecca Wing
Land

faeIIoperating

December 9, 2020

VIA ONLINE FILING

Mr. Dean McClure
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application of FAE II Operating, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Langlie Mattix Pool for the Arnott Ramsay NCT-B #4 well located in Sec. 32, T-25S, R-37E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for downhole commingling of oil and gas production from the Langlie Mattix Pool for its Arnott Ramsay NCT-B #4 injection well located in Unit Letter D, Section 32, T-25S, R-37E, 330 feet FNL and 330 feet FWL, as shown in the attached C-102's for each zone.

The Arnott Ramsay NCT-B #4 is currently open to the Yates-Seven Rivers-Queen formation, which translates to both the JALMAT; TAN-YATES-7 RVRs pool [Pool ID: 33820] and the LANGLEIE MATTIX; 7 RVRs-Q-GRAYBURG [Pool ID: 37240]. The production curve for this zone consists of only injection water, and is shown in Exhibit A.

To develop a production forecast, eighteen (18) surrounding wells with historical production from the Jalmat and four (4) surrounding wells with historical production in the Langlie Mattix were used as an offset by taking the average of the oil, gas, and water production. The resulting analog curves are shown in Exhibits B and C. From there, a decline curve was utilized based on the aforementioned historical production from both zones. Furthermore, Geology studied an Arnott Ramsay NCT-B #4 log, Attachment A, and also correlated it with other logs in the surrounding area to help determine the location of the new perforations in the Yates-Seven Rivers-Queen formation.

Overall, the forecast for the proposed downhole commingled production was formed by combining the forecasts for both zones, as shown in the Synthetic Decline Curve column of Exhibit D. This forecast for the Arnott Ramsay NCT-B #4 proved that an IP of 9.8 BOPD and 23.4 MCFPD is the expected total, and of that, 5.2 BOPD and 6.8 MCFPD will come from the Langlie Mattix zone. The Jalmat is projected to yield 4.6 BOPD and 16.6 MCFPD with the additional intervals that will be opened up. This information along with the percentage allocation across the zones is shown in Exhibit E.

After a review of internal records, the interest owners are identical for the aforementioned wells. As such, notification to the relevant parties of our intent to commingle production will not be necessary.

This proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. If there are further questions concerning this application, please feel free to contact the undersigned by email at marshall@faenergyus.com or by telephone at (832) 241-8080.

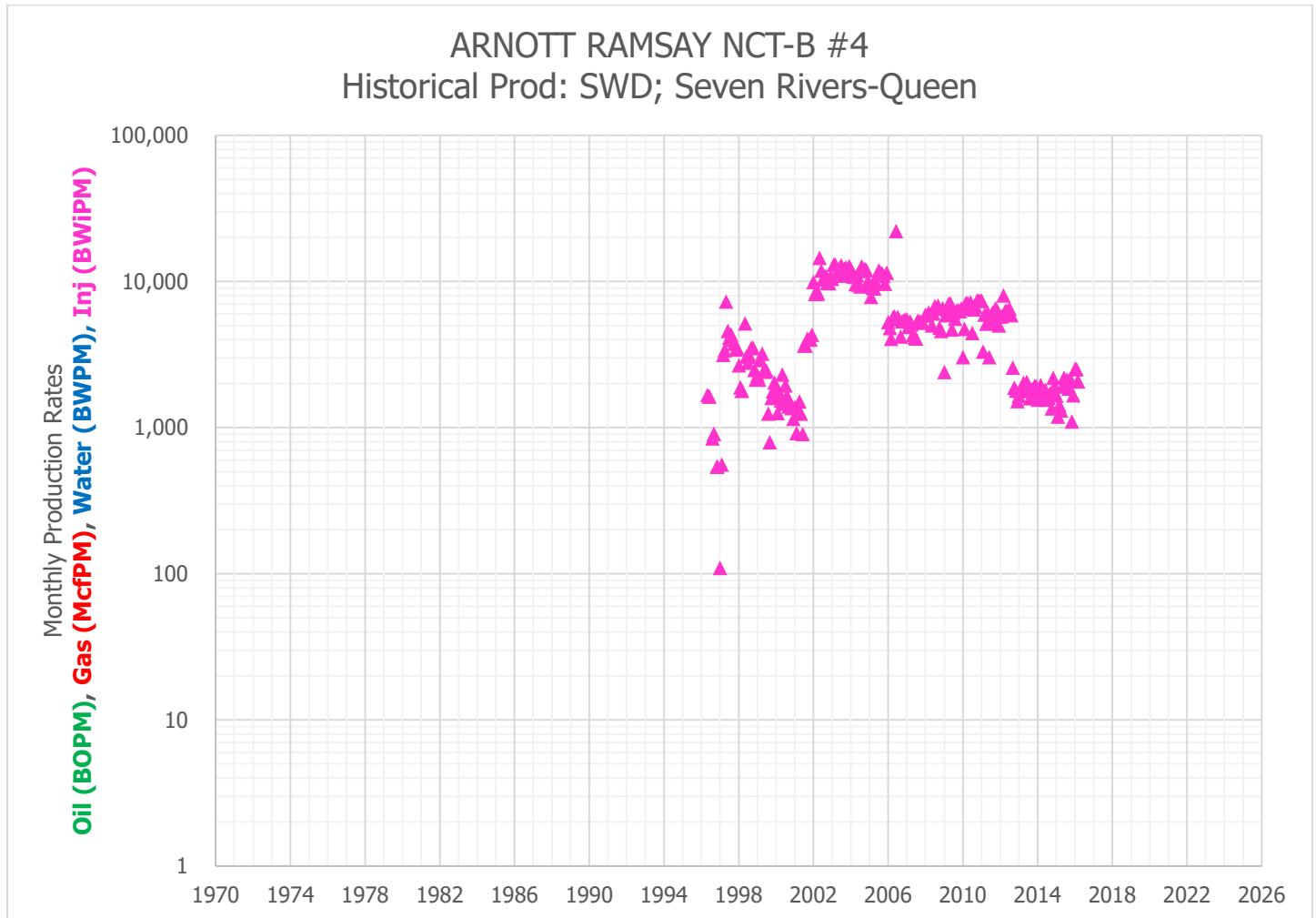
Very truly yours,



FAE II Operating, LLC

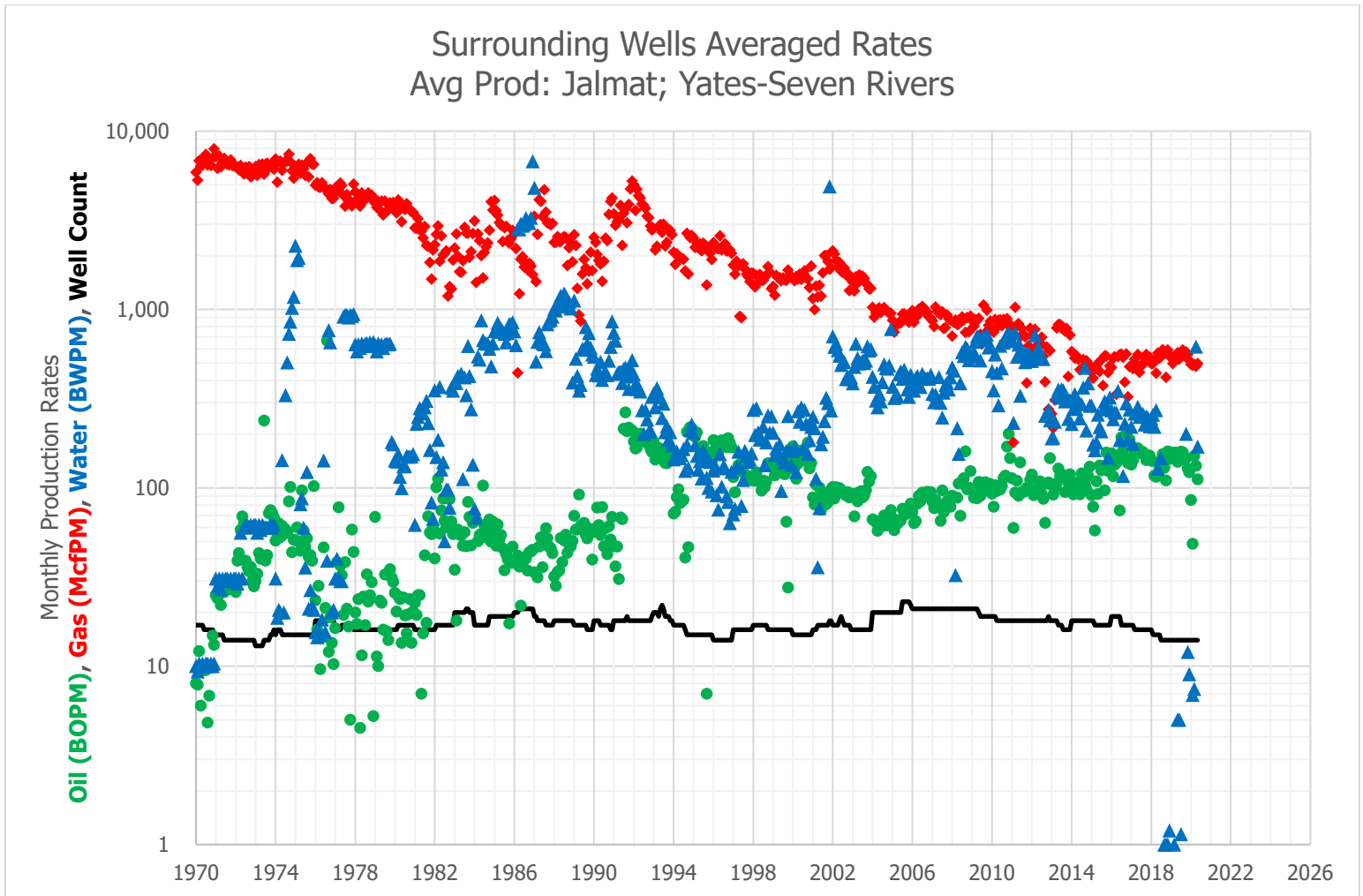
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Exhibit A – Historical and Forecast Production in the Current Zone



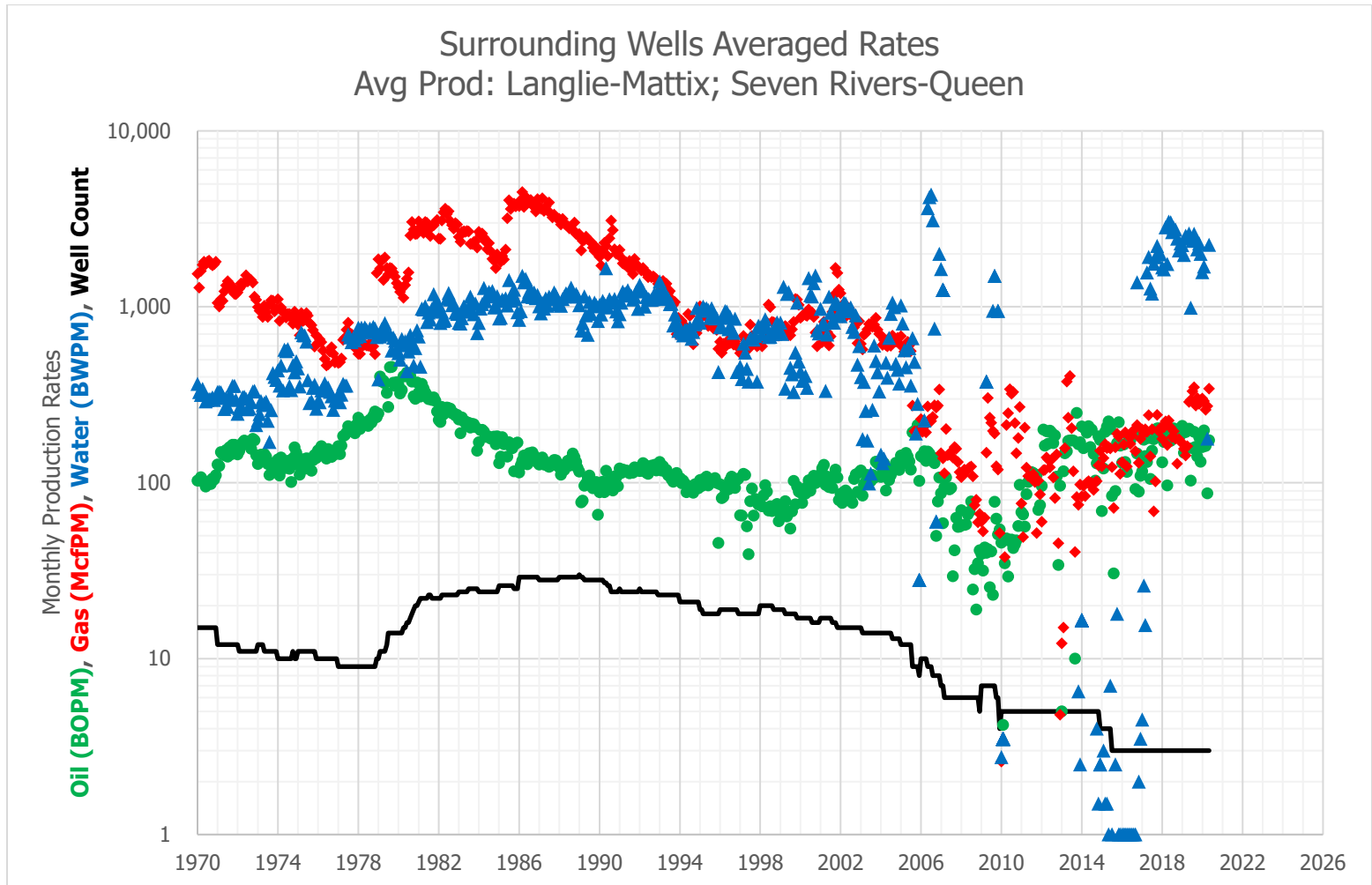
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Exhibit B – Historical Average Production in the Proposed Zone



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Exhibit C – Historical Average Production in the Proposed Zone



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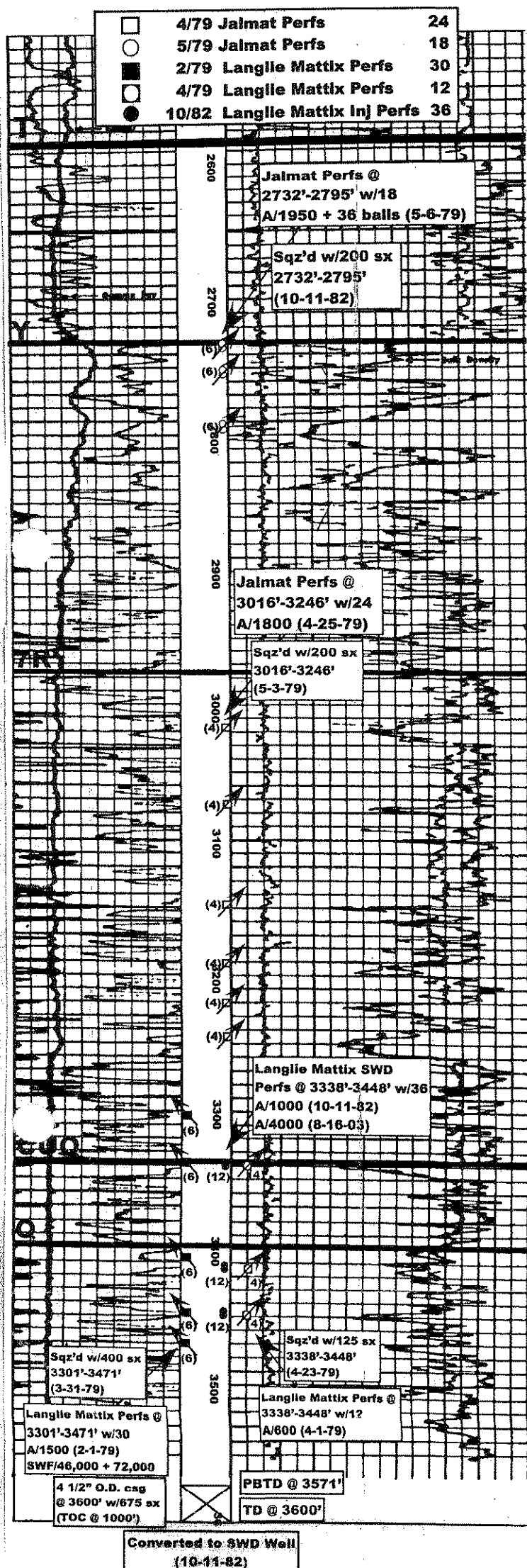
Exhibit D – Historical Production and Decline Curve

Surrounding Wells Averaged Rates Avg Prod: Langlie-Mattix; Seven Rivers-Queen					Surrounding Wells Averaged Rates Avg Prod: Jalmat; Yates-Seven Rivers					Synthetic Decline Curve			
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1/1/2015	69	124	-	4	1/1/2015	91	445	289	18	1	299	710	1,490
2/1/2015	121	138	3	4	2/1/2015	78	412	174	18	2	298	708	1,485
3/1/2015	195	166	2	4	3/1/2015	58	462	162	17	3	296	707	1,480
4/1/2015	208	157	2	4	4/1/2015	109	475	179	17	4	295	705	1,475
5/1/2015	223	160	1	4	5/1/2015	92	499	257	17	5	294	703	1,470
6/1/2015	202	156	7	4	6/1/2015	133	450	219	17	6	292	701	1,465
7/1/2015	84	122	1	3	7/1/2015	125	522	207	17	7	291	700	1,460
8/1/2015	31	72	1	3	8/1/2015	132	374	275	17	8	289	698	1,456
9/1/2015	90	159	3	3	9/1/2015	97	548	305	17	9	288	696	1,451
10/1/2015	168	189	18	3	10/1/2015	158	547	282	17	10	287	694	1,446
11/1/2015	221	182	1	3	11/1/2015	124	442	147	17	11	285	693	1,441
12/1/2015	163	112	1	3	12/1/2015	150	482	321	17	12	284	691	1,437
1/1/2016	130	130	1	3	1/1/2016	156	472	272	19	13	282	689	1,432
2/1/2016	165	165	1	3	2/1/2016	116	532	242	19	14	281	687	1,427
3/1/2016	131	193	1	3	3/1/2016	135	542	265	19	15	280	686	1,423
4/1/2016	115	124	1	3	4/1/2016	138	334	264	19	16	278	684	1,418
5/1/2016	184	183	1	3	5/1/2016	152	544	349	19	17	277	682	1,413
6/1/2016	174	166	1	3	6/1/2016	75	556	185	19	18	276	681	1,409
7/1/2016	187	185	1	3	7/1/2016	192	561	1	17	19	274	679	1,404
8/1/2016	189	199	1	3	8/1/2016	162	538	117	17	20	273	677	1,399
9/1/2016	92	151	1	3	9/1/2016	147	391	228	17	21	272	676	1,395
10/1/2016	147	213	1,375	3	10/1/2016	198	562	297	17	22	271	674	1,390
11/1/2016	89	129	2	3	11/1/2016	138	324	187	17	23	269	672	1,386
12/1/2016	110	177	4	3	12/1/2016	186	478	274	17	24	268	670	1,381
1/1/2017	116	200	5	3	1/1/2017	135	482	220	17	25	267	669	1,376
2/1/2017	176	191	26	3	2/1/2017	142	466	177	17	26	265	667	1,372
3/1/2017	142	201	16	3	3/1/2017	157	525	261	16	27	264	665	1,367
4/1/2017	131	194	1,566	3	4/1/2017	159	491	262	16	28	263	664	1,363
5/1/2017	180	242	1,919	3	5/1/2017	166	559	285	16	29	262	662	1,358
6/1/2017	105	141	1,271	3	6/1/2017	156	445	249	16	30	260	660	1,354
7/1/2017	152	201	1,185	3	7/1/2017	157	481	259	16	31	259	659	1,350
8/1/2017	177	69	1,758	3	8/1/2017	159	493	260	16	32	258	657	1,345
9/1/2017	198	102	1,911	3	9/1/2017	153	536	226	16	33	257	656	1,341
10/1/2017	203	242	2,216	3	10/1/2017	143	558	251	16	34	255	654	1,336
11/1/2017	203	196	2,040	3	11/1/2017	151	545	246	16	35	254	652	1,332
12/1/2017	184	205	1,986	3	12/1/2017	151	539	221	16	36	253	651	1,328
1/1/2018	131	177	1,675	3	1/1/2018	142	498	245	16	37	252	649	1,323
2/1/2018	171	206	1,633	3	2/1/2018	141	496	257	15	38	251	647	1,319
3/1/2018	196	223	2,831	3	3/1/2018	117	518	219	15	39	249	646	1,314
4/1/2018	97	163	1,752	3	4/1/2018	115	440	272	15	40	248	644	1,310
5/1/2018	203	226	3,039	3	5/1/2018	119	570	128	15	41	247	643	1,306
6/1/2018	173	206	3,026	3	6/1/2018	128	532	0	15	42	246	641	1,302
7/1/2018	187	181	2,651	3	7/1/2018	132	567	147	14	43	245	639	1,297
8/1/2018	203	196	2,795	3	8/1/2018	154	594	0	14	44	243	638	1,293
9/1/2018	192	178	2,745	3	9/1/2018	129	567	1	14	45	242	636	1,289
10/1/2018	183	128	2,438	3	10/1/2018	110	415	1	14	46	241	635	1,285
11/1/2018	202	177	2,092	3	11/1/2018	160	593	1	14	47	240	633	1,280
12/1/2018	187	171	2,294	3	12/1/2018	145	546	1	14	48	239	631	1,276
1/1/2019	210	168	2,240	3	1/1/2019	158	543	0	14	49	238	630	1,272
2/1/2019	148	156	1,971	3	2/1/2019	147	497	1	14	50	237	628	1,268
3/1/2019	194	142	2,528	3	3/1/2019	156	513	1	14	51	235	627	1,264
4/1/2019	198	161	2,436	3	4/1/2019	158	534	0	14	52	234	625	1,259
5/1/2019	203	288	2,609	3	5/1/2019	140	570	5	14	53	233	624	1,255
6/1/2019	103	295	986	3	6/1/2019	147	526	5	14	54	232	622	1,251
7/1/2019	157	330	2,371	3	7/1/2019	160	547	1	14	55	231	620	1,247
8/1/2019	195	348	2,602	3	8/1/2019	158	592	1	14	56	230	619	1,243
9/1/2019	160	274	2,403	3	9/1/2019	142	561	0	14	57	229	617	1,239
10/1/2019	141	302	2,120	3	10/1/2019	147	576	200	14	58	228	616	1,235
11/1/2019	181	281	2,293	3	11/1/2019	128	561	12	14	59	227	614	1,231
12/1/2019	132	294	2,000	3	12/1/2019	122	517	9	14	60	226	613	1,227
1/1/2020	159	301	1,572	3	1/1/2020	85	491	1	14				
2/1/2020	198	290	1,693	3	2/1/2020	49	486	7	14				
3/1/2020	162	259	1	3	3/1/2020	151	491	7	14				
4/1/2020	87	272	178	3	4/1/2020	133	480	619	14				
5/1/2020	174	342	2,248	3	5/1/2020	111	497	170	14				
6/1/2020	122	295	2,175	3	6/1/2020	156	447	195	14				

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Exhibit E – Decline Curve IP Rates and Zone Allocation Percentage

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Jalmat	Yates-Seven Rivers	4.6	16.6	4.9
Langlie Mattix	Seven Rivers-Queen	5.2	6.8	44.1
	Total	9.8	23.4	49.0
Jalmat	Yates-Seven Rivers	47%	71%	10%
Langlie Mattix	Seven Rivers-Queen	53%	29%	90%
	Total (%)	100%	100%	100%

Re-Entry

COMPANY Doyle Hartman
(Gulf/Chevron)

WELL Arnott-Ramsay "NCT-B" No. 4

FIELD Jalmat/Langlie Mattix

LOCATION 330' FNL & 330' FWL (D)
Section 32, T-25-S, R-37-E

COUNTY Lea

STATE New Mexico

ELEVATIONS: KB
DF
GL 2999'

DFC

COMPLETION RECORD

SPUD DATE 12-27-78 COMP DATE 2-1-79

TD 3600' PBTD 3556'

CSG RECORD 8 5/8" @ 352' w/275 sx (Circ 80 sx)
4 1/2" @ 3600' w/675 sx (TOC @ 1000')

COMP INTRVL 3301'-3471' w/30

STIMULATION A/1500
SWF/46,000 + 72,000

WELL TEST F/24 BOPD + 241 BWPD (2-7-79)

GOR GR 31.4

TP CP

CHOKE TBG 2 3/8" @ 3307'

REMARKS AND SUBSEQUENT HISTORY

4-5-79: Sqz'd w/400 sx (3301'-3471'). Perf'd 3338'-3448' w/12. A/600. No commercial production.

5-6-79: Sqz'd w/125 sx (3338'-3448'). Perf'd 3016'-3246' w/24. A/1800. Communicated, swabbed and tested. Sqz'd w/200 sx (3016'-3246'). Perf'd 2732'-2795' w/18. A/1950. Swabbed and tested, SI. Cmt retainer at 2987'.

7-10-79: Set CIBP at 2690', with 50' cmt cap. Spotted 28 sx cmt, 1200'-800'. Perf'd at 360' w/4. Set cmt retainer at 325'. Ppd w/115 sx cmt. Spotted 100' cmt surf plug. P&A'd.

10-11-82: Re-entered well. DO to 3555'. Sqz'd w/100 sx cmt (old perfs 2732'-2795'). Re-sqz'd w/100 sx cmt (2732'-2795'). Perf'd 3338'-3348' w/36. Ran 2 3/8" IPC tbg at 3273'. A/1000. Converted well to SWD.

1-2-90: A/750. Inj 150 BWPD at 490 psi.

7-1-96: Change of operations (Chevron to Hartman).

8-16-03: PBTD at 3571'. A/4000 (3338'-3448'). Resumed water disposal.

D-32-25S-37E

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-61

All distances must be from the outer boundaries of the Section

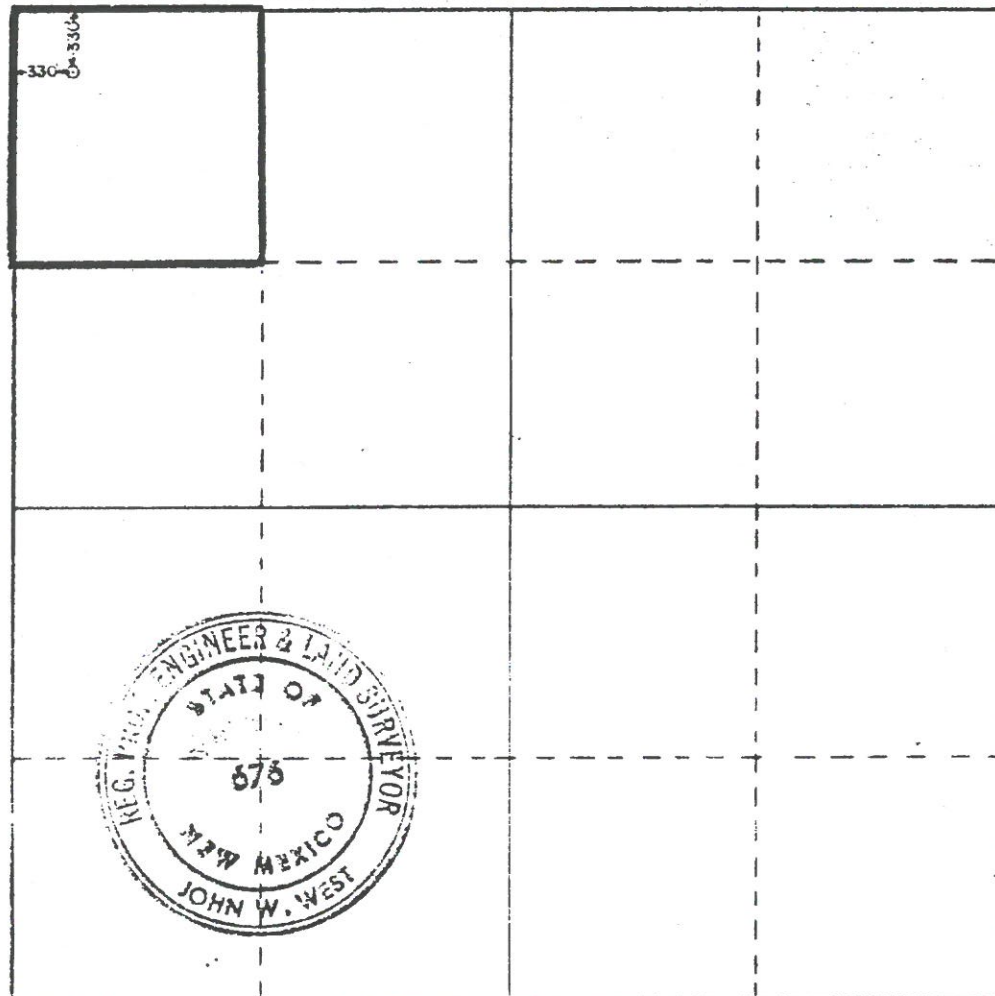
FAE II Operating			Lease Arnott Ramsey NCT - B		Well No. 4
Section D	Section 32	Township 25 South	Range 37 East	County Lea	
Annual Production Location of Well: 330 feet from the North line and 330 feet from the West line					
Ground Level Elev. 2999.0	Producing Formation 7 RIVERS - Q - GRAYBURG		Pool LANGLIE MATTIX		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

M Bates

Name

Marshall Bates

Position

Engineering Tech

Company

FAE II Operating

Date

12/9/2020

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 knowledge and belief

Date Surveyed

September 13, 1973

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. John W. West

676

Ronald J. Eidson

323

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator FAE II Operating		Lease Arnott Ramsey NCT - B		Well No. 4
Section D	Section 32	Township 25 South	Range 37 East	County Lea
Actual Portage Location of Well:				
330 feet from the North line and		330 feet from the West line		
Ground Level Elev. 2999.0	Producing Formation Yates Seven Rivers	Pool Jalpat	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

M Bates

Name
Marshall Bates

Position
Engineering Tech

Company
FAE II Operating

Date
12/9/2020

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 knowledge and belief.

Date Surveyed
September 13, 1973

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **John W. West 575**

Ronald J. Eidson 3235

From: [Engineer, OCD, EMNRD](#)
To: [Marshall Bates](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); lisa@rwbyram.com; [Holm, Anchor E.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5093
Date: Friday, January 8, 2021 5:17:19 PM
Attachments: [DHC5093 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5093 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Arnott Ramsay NCT B #4 well (30-025-26106).

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

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

**APPLICATION FOR DOWNHOLE COMMINGLING
SUBMITTED BY FAE II OPERATING, LLC**

ORDER NO. DHC-5093

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. FAE II Operating, LLC (“Applicant”) submitted a complete application (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
6. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
7. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.
9. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
10. The bottom perforation of the lower zone is within one hundred fifty (150) percent of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
12. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Applicant shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
3. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
4. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
5. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 1/08/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5093**

Operator: **FAE II Operating, LLC (329326)**

Well Name: **Arnott Ramsay NCT B #4**

Well API: **30-025-26106**

Pool Name: **JALMAT;TAN-YATES-7 RVRS (OIL)**

Upper Zone

Pool ID: **33820**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **47%**

Gas: **71%**

Pool Name:

Intermediate Zone

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Pool Name: **LANGLIE MATTIX;7 RVRS-Q-GRAYBURG**

Lower Zone

Pool ID: **37240**

Current:

New: **X**

Allocation:

Oil: **53%**

Gas: **29%**

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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 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 11708

CONDITIONS OF APPROVAL

Operator:	FAE II OPERATING LLC 11757 Katy Freeway, Suite 1000 Houston, TX77079			OGRID:	329326	Action Number:	11708	Action Type:	C-107A
OCD Reviewer	Condition								
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.								