

|           |           |       |         |
|-----------|-----------|-------|---------|
| RECEIVED: | REVIEWER: | TYPE: | APP NO: |
|-----------|-----------|-------|---------|

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

| <b>FOR OCD ONLY</b>                 |                              |
|-------------------------------------|------------------------------|
| <input type="checkbox"/>            | Notice Complete              |
| <input checked="" type="checkbox"/> | 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

12/10/2020  
 Date

Signature

(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

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

Form C-107A  
Revised August 1, 2011

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

| DATA ELEMENT   | UPPER ZONE                             | INTERMEDIATE ZONE | LOWER ZONE                             |
|--|--|-------------------|--|
| Pool Name  | <i>Jalmat</i>                          |                   | <i>Langlie Mattix</i>                  |
| Pool Code  | <i>33820</i>                           |                   | <i>37240</i>                           |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)  | <i>2,732' - 3,290'</i>                 |                   | <i>3,290' - 3,471'</i>                 |
| Method of Production<br>(Flowing or Artificial Lift)   | <i>Artificial Lift</i>                 |                   | <i>Artificial Lift</i>                 |
| Bottomhole Pressure<br><small>(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)</small>    |  |                   |  |
| Oil Gravity or Gas BTU<br><small>(Degree API or Gas BTU)</small>   | <i>33.1 API / 1,346 BTU</i>            |                   | <i>33.1 API / 1,346 BTU</i>            |
| Producing, Shut-In or New Zone   | <i>New Zone</i>                        |                   | <i>New Zone</i>                        |
| Date and Oil/Gas/Water Rates of Last Production.<br><small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small> | <i>See Attached</i><br>Date:<br>Rates: | Date:<br>Rates:   | <i>See Attached</i><br>Date:<br>Rates: |
| Fixed Allocation Percentage<br><small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>                  | Oil <i>47 %</i> Gas <i>71 %</i>        | Oil % Gas %       | Oil <i>53 %</i> Gas <i>29 %</i>        |

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

# fae II operating

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](mailto:rebecca@faenergyus.com).

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Rebecca Wing  
Land

# fae II operating

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 LANGLIE 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,



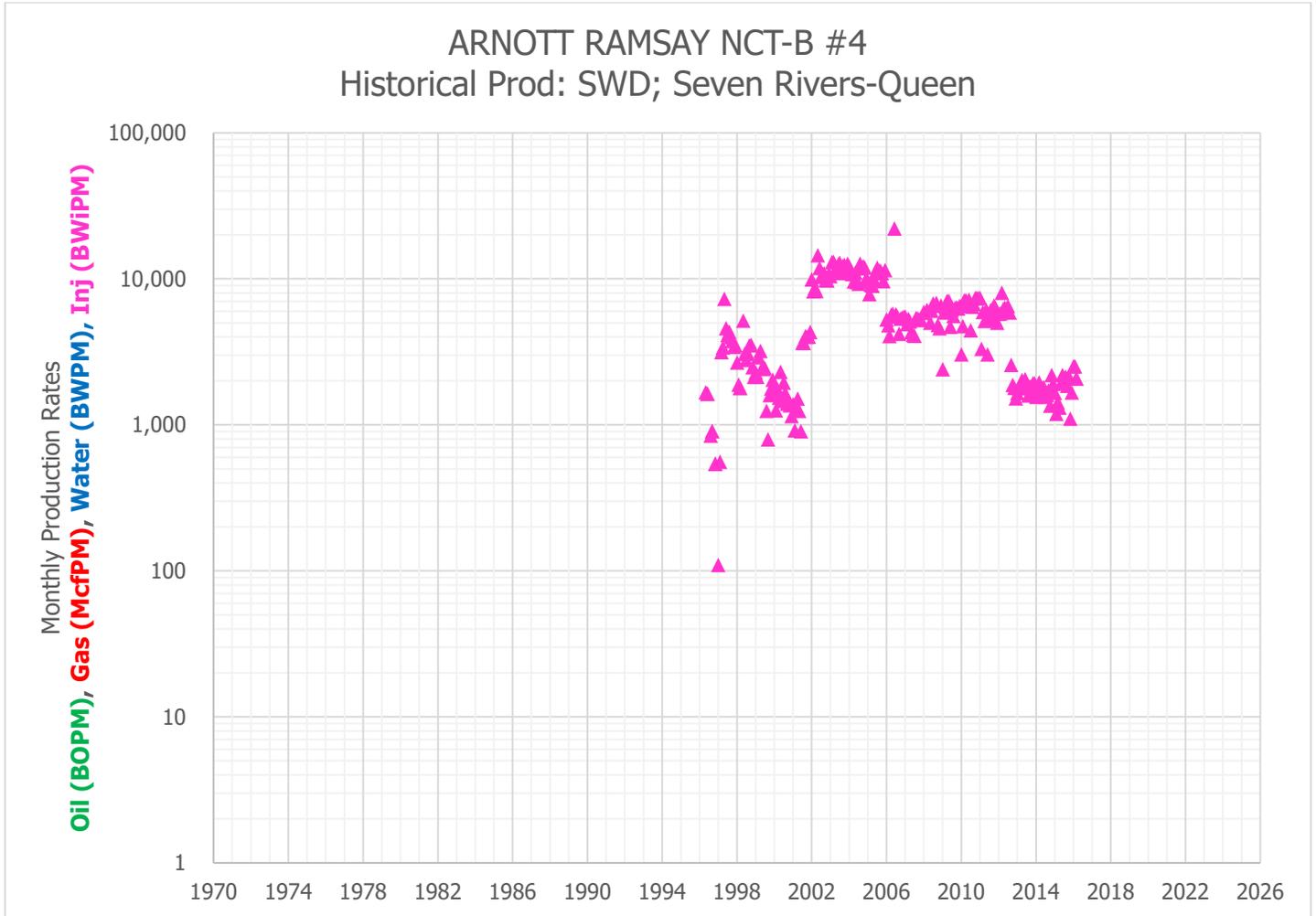
FAE II Operating, LLC

Received by OCD: 12/11/2020 12:35:49 PM

Released to Imaging: 1/8/2021 5:31:15 PM

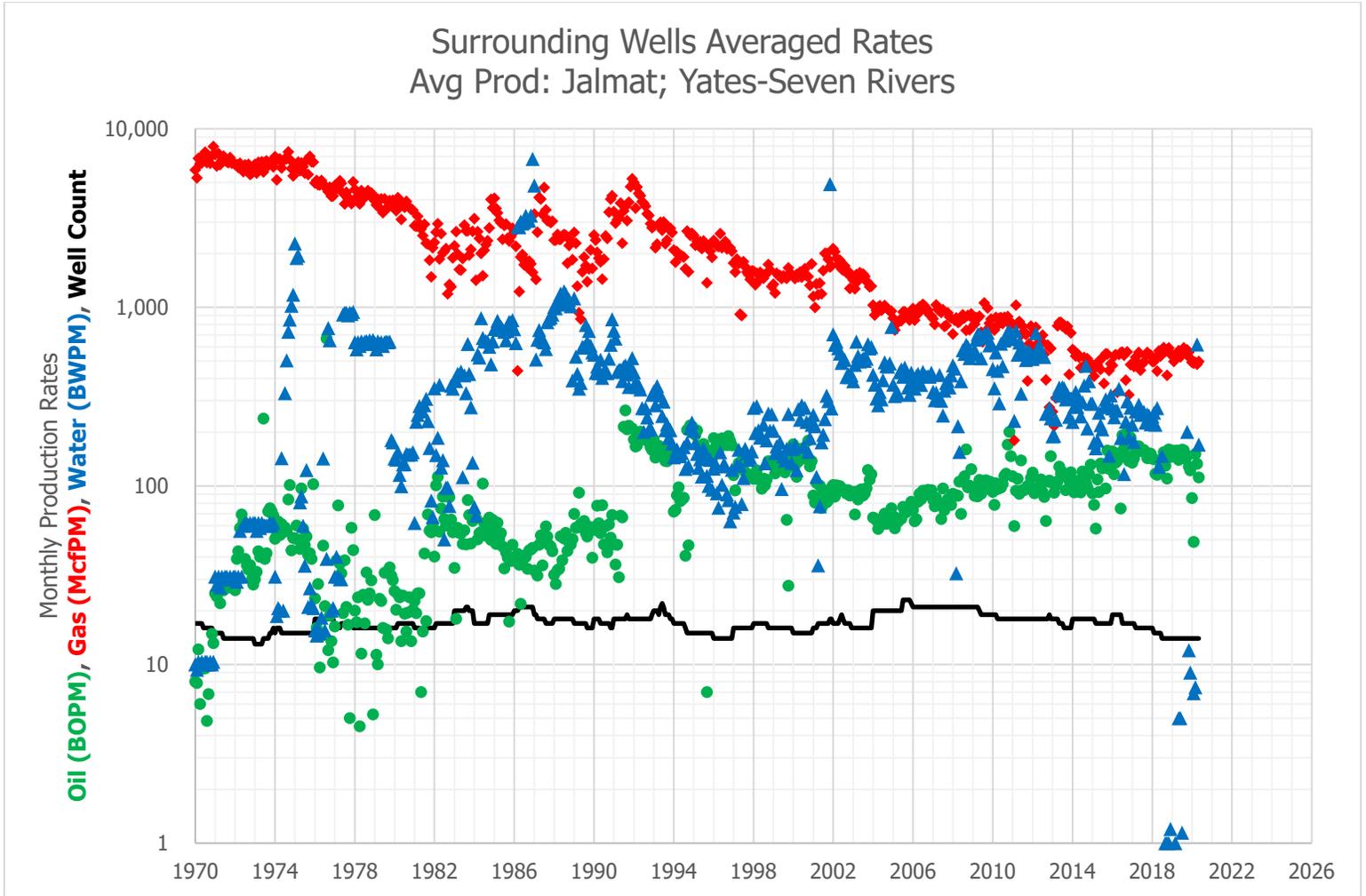
# faeIIoperating

## Exhibit A – Historical and Forecast Production in the Current Zone



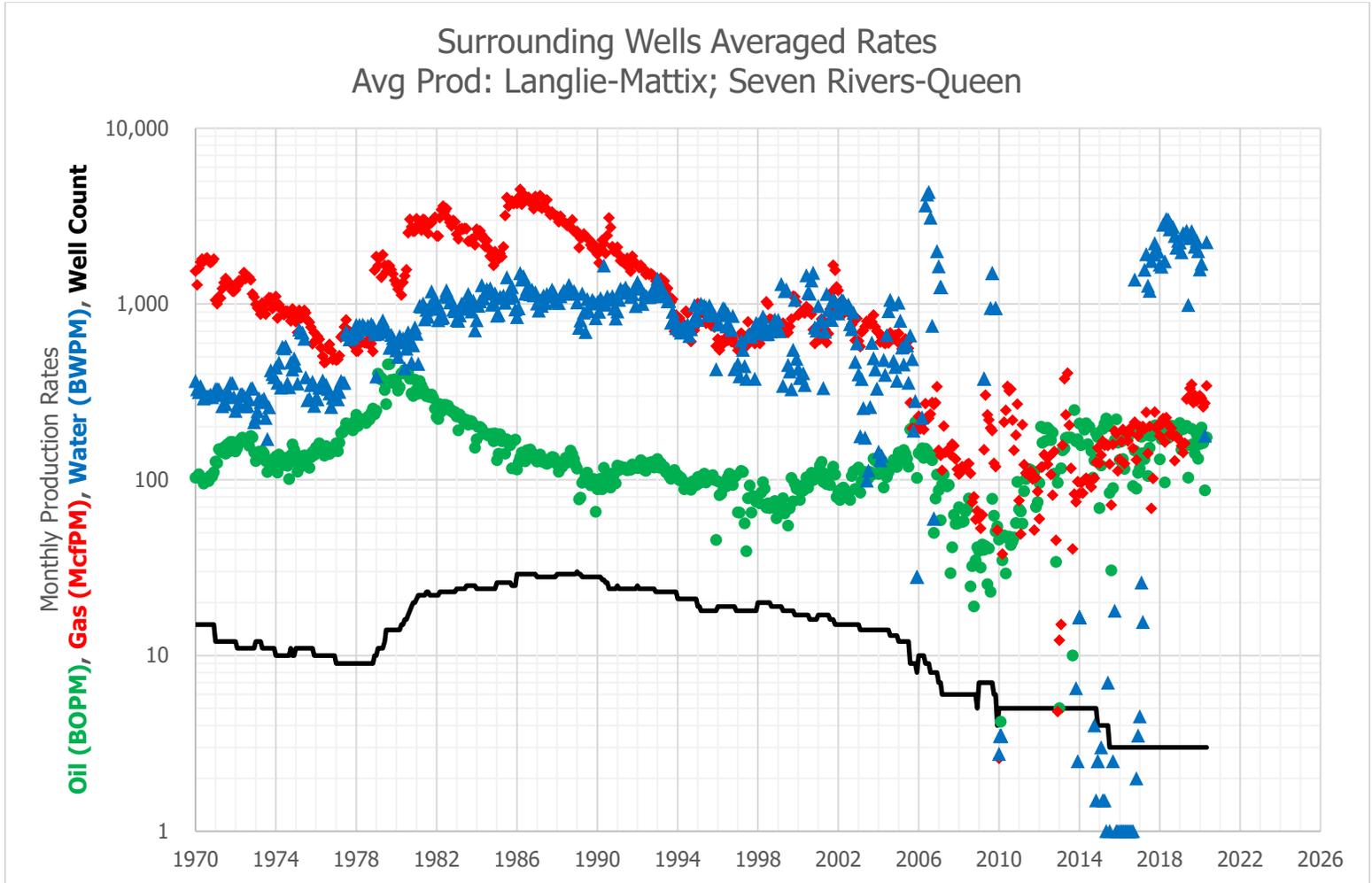
# faeIIoperating

Exhibit B – Historical Average Production in the Proposed Zone



# faeIIoperating

Exhibit C – Historical Average Production in the Proposed Zone



# faeIIoperating

## Exhibit D – Historical Production and Decline Curve

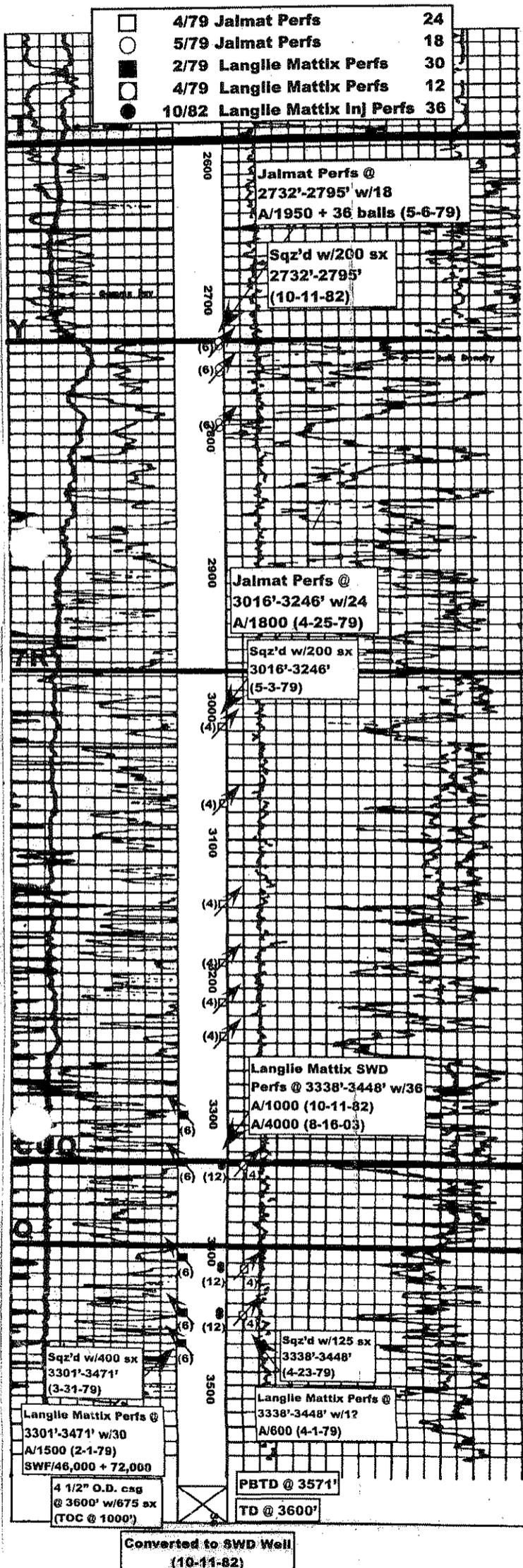
| Surrounding Wells Averaged Rates<br>Avg Prod: Langlie-Mattix; Seven Rivers-Queen |                |                 |                  |            | Surrounding Wells Averaged Rates<br>Avg Prod: Jalmat; Yates-Seven Rivers |                |                 |                  |            | Synthetic 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         |                         |                |                 |                  |

# faeIIoperating

## 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            |
|                | <b>Total</b>       | <b>9.8</b>    | <b>23.4</b>   | <b>49.0</b>     |
| Jalmat         | Yates-Seven Rivers | 47%           | 71%           | 10%             |
| Langlie Mattix | Seven Rivers-Queen | 53%           | 29%           | 90%             |
|                | <b>Total (%)</b>   | <b>100%</b>   | <b>100%</b>   | <b>100%</b>     |

**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'-3448' 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 1-4-65

All distances must be from the outer boundaries of the Section

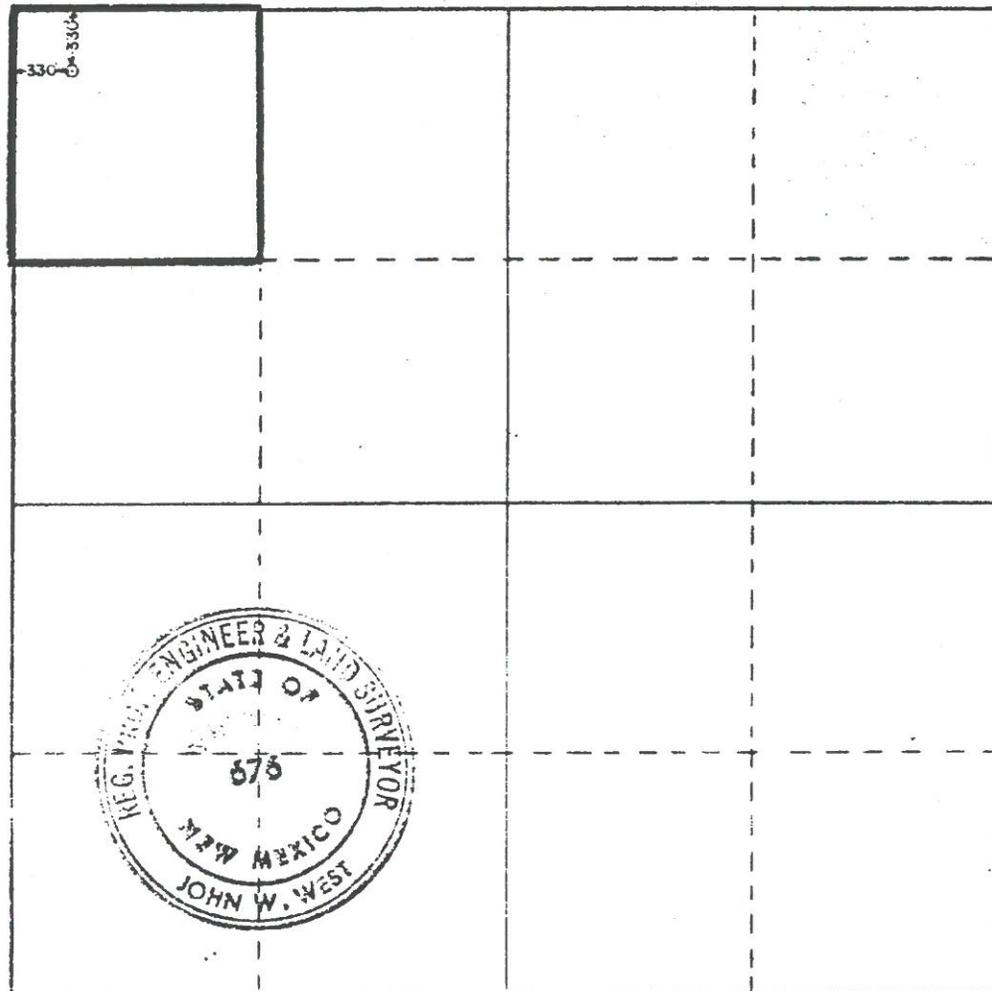
|  |   |                                       |                               |                      |                                       |
|--|---|---------------------------------------|-------------------------------|----------------------|---------------------------------------|
| Operator<br>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

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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**

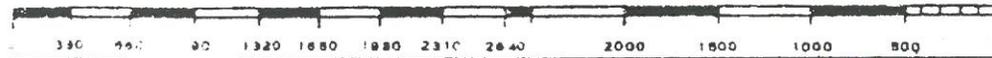
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief

Date Surveyed  
**September 13, 1973**

Registered Professional Engineer and/or Land Surveyor

*John W. West*

Certificate No. **John W. West 676**  
**Ronald J. Eidson 3233**



NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-4-65

All distances must be from the outer boundaries of the Section

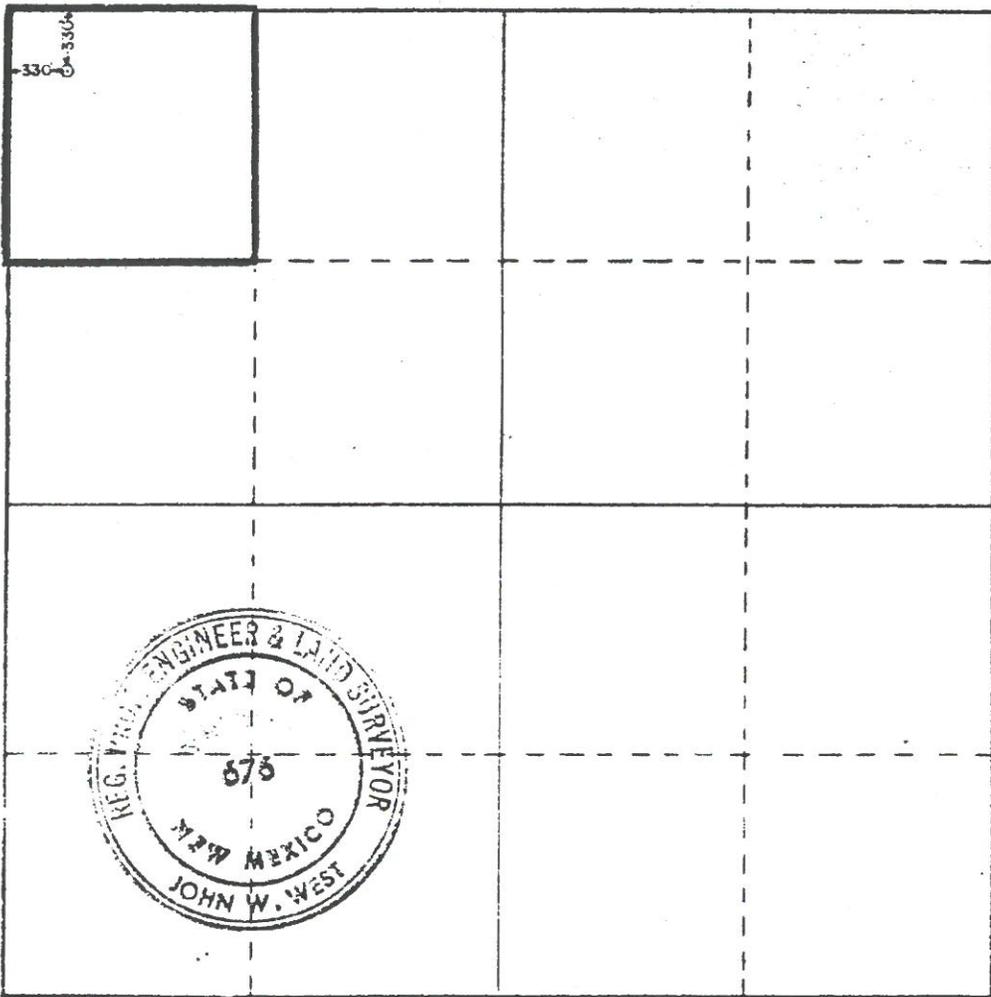
|   |  |                                       |                         |                                       |                      |
|---|--|---------------------------------------|-------------------------|---------------------------------------|----------------------|
| Operator<br><b>FAE II Operating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

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 3235**

**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Marshall Bates](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); [lisa@rwbyram.com](mailto: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

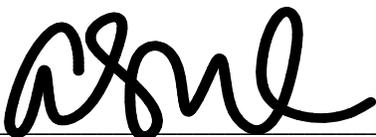
proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

- 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. |