

Revised March 23, 2017

| | | | |
|-----------|-----------|-------|---------|
| 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: <u>FAE II Operating, LLC</u> | OGRID Number: <u>329326</u> |
| Well Name: <u>Arnott Ramsay NCT-B #8</u> | API: <u>30-025-26280</u> |
| Pool: <u>Jalmat (Oil)</u> | Pool Code: <u>33820</u> |

**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

Date

11/23/2020

832-220-3202

Phone Number

David@FAEnergyus.com

e-mail Address

Signature

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 | 8 | N-32-25S-37E | Lea |
| Lease | Well No. | Unit Letter-Section-Township-Range | County |
| 329326 | 326919 | 30-025-26280 | 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) | 2,735' – 3,260' | | 3,337' – 3,570' |
| 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) | 35 API | | 35 API |
| Producing, Shut-In or New Zone | Producing | | Producing |
| 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 19 % 86 % | Oil Gas % % | Oil Gas 81 % 14 % |

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 11/23/20
TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 241-8080
E-MAIL ADDRESS Marshall@FAEnergyus.com

faeIIoperating

November 20, 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 #8 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 #8 well located in Unit Letter N, Section 32, T-25S, R-37E, 660 feet FSL and 1,980 feet FWL, as shown in the attached C-102's for each zone.

The Arnott Ramsay NCT-B #8 is currently open to the Yates-Seven Rivers-Queen zone, which translates to both the JALMAT; TAN-YATES-7 RVRs pool [Pool ID: 79240]. The production curve for this zone is shown in Exhibit A. To develop a production forecast, a decline curve was utilized based on the well's historical production within the zone.

The other zone that has production history in the Arnott Ramsay NCT-B #8 is the Seven Rivers-Queen, which translates to the LANGLEIE MATTIX; 7 RVRs-Q-GRAYBURG [Pool ID: 37240]. To develop a production forecast, four (4) surrounding wells with historical production from the Seven Rivers-Queen were used as an offset by taking the average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit B. From there, a decline curve was utilized based on the aforementioned historical production. Furthermore, Geology studied an Arnott Ramsay NCT-B #8 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 Seven Rivers-Queen zone for the Arnott Ramsay NCT-B #8.

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 #8 proved that an IP of 6.5 BOPD and 49 MCFPD is the expected total, and of that, 5.2 BOPD and 6 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 1.3 BOPD and 43 MCFPD with the additional intervals that will be opened up. This information along with the percentage allocation across the zones is shown in Exhibit D.

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,

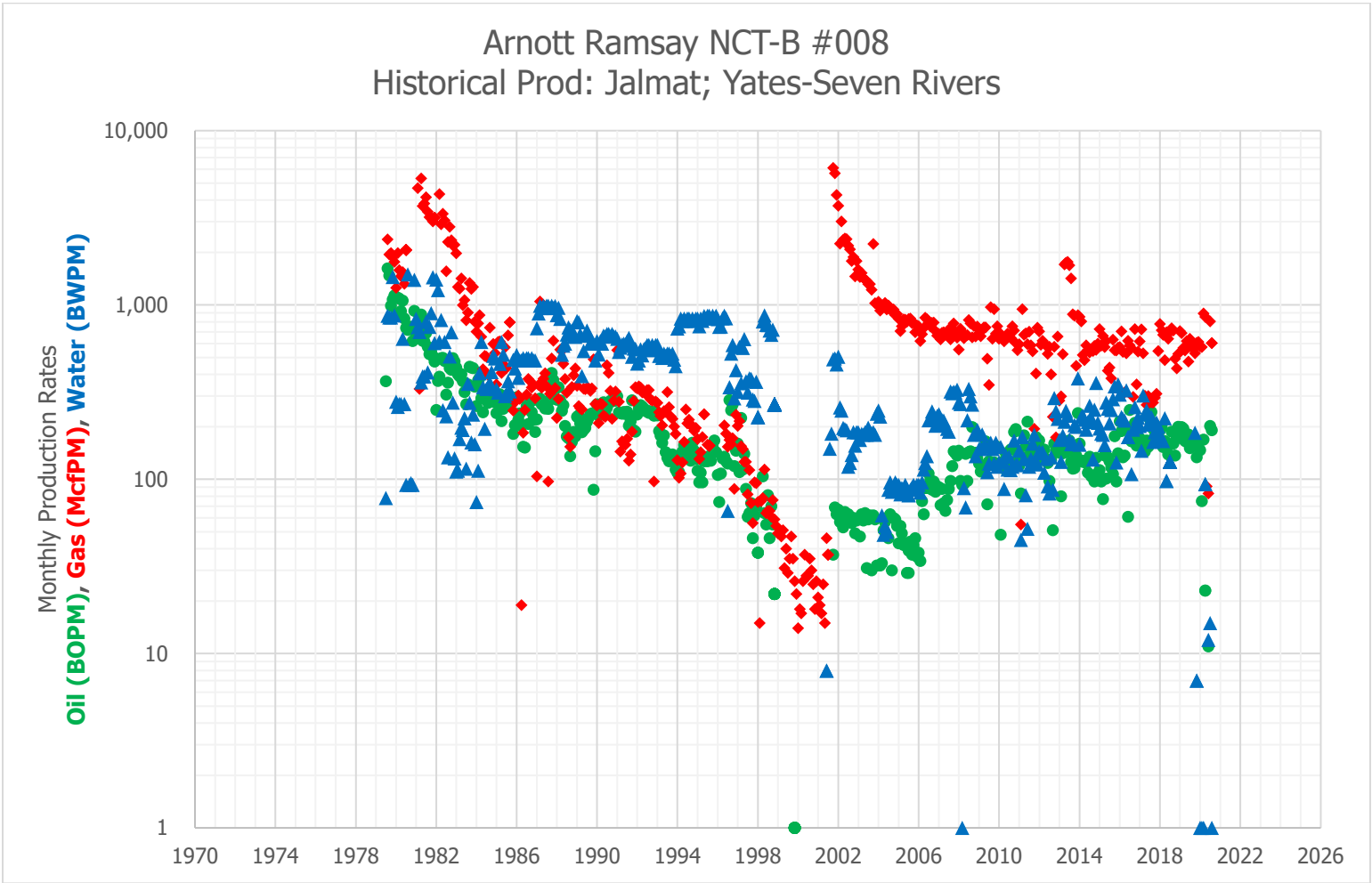


FAE II Operating, LLC

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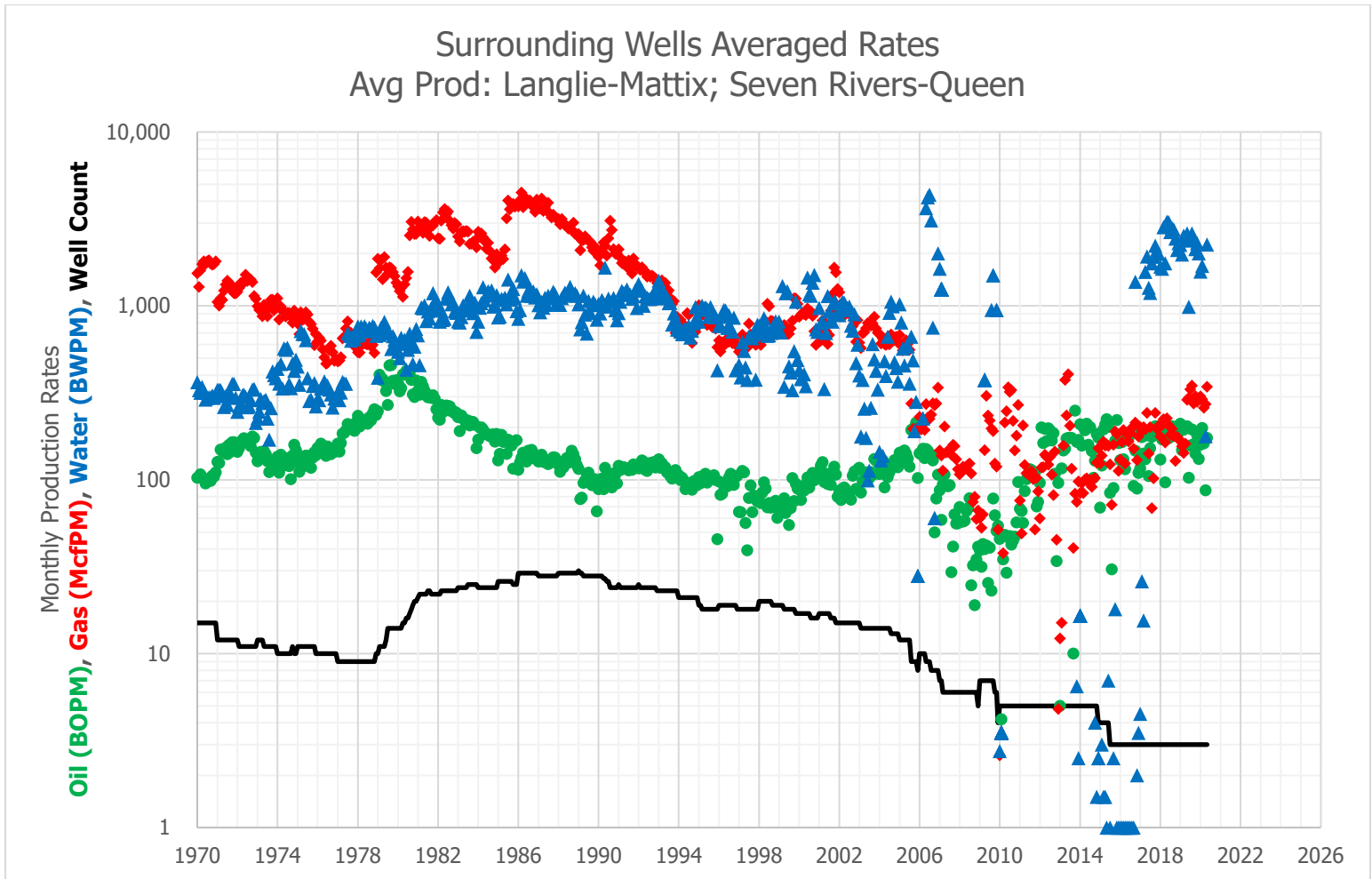
Exhibit A – Historical and Forecast Production in the Current Zone

Arnett Ramsay NCT-B #008
Historical Prod: Jalmat; Yates-Seven Rivers



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Exhibit B – Historical Average Production in the Proposed Zone



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Exhibit C – Historical Production and Decline Curve

| Surrounding Wells Averaged Rates | | | | | Arnett Ramsay NCT-B #008 | | | | Synthetic Decline Curve | | | |
|--|----------------|-----------------|------------------|------------|---|----------------|-----------------|------------------|-------------------------|----------------|-----------------|------------------|
| Avg Prod: Langlie-Mattix; Seven Rivers-Queen | | | | | Historical Prod: Jalmat; Yates-Seven Rivers | | | | | | | |
| Date | Avg Oil (BOPM) | Avg Gas (McfPM) | Avg Water (BWPM) | Well Count | Date | Avg Oil (BOPM) | Avg Gas (McfPM) | Avg Water (BWPM) | Month | Avg Oil (BOPM) | Avg Gas (McfPM) | Avg Water (BWPM) |
| 1/1/2015 | 69 | 124 | - | 4 | 1/1/2015 | 113 | 726 | 196 | 1 | 198.9 | 1,489 | 1,345 |
| 2/1/2015 | 121 | 138 | 3 | 4 | 2/1/2015 | 97 | 585 | 183 | 2 | 197.9 | 1,485 | 1,340 |
| 3/1/2015 | 195 | 166 | 2 | 4 | 3/1/2015 | 77 | 665 | 180 | 3 | 197.0 | 1,482 | 1,336 |
| 4/1/2015 | 208 | 157 | 2 | 4 | 4/1/2015 | 137 | 574 | 157 | 4 | 196.0 | 1,478 | 1,331 |
| 5/1/2015 | 223 | 160 | 1 | 4 | 5/1/2015 | 101 | 621 | 276 | 5 | 195.1 | 1,474 | 1,327 |
| 6/1/2015 | 202 | 156 | 7 | 4 | 6/1/2015 | 134 | 420 | 255 | 6 | 194.2 | 1,471 | 1,323 |
| 7/1/2015 | 84 | 122 | 1 | 3 | 7/1/2015 | 127 | 437 | 209 | 7 | 193.2 | 1,467 | 1,318 |
| 8/1/2015 | 31 | 72 | 1 | 3 | 8/1/2015 | 117 | 379 | 250 | 8 | 192.3 | 1,463 | 1,314 |
| 9/1/2015 | 90 | 159 | 3 | 3 | 9/1/2015 | 107 | 632 | 288 | 9 | 191.4 | 1,460 | 1,310 |
| 10/1/2015 | 168 | 189 | 18 | 3 | 10/1/2015 | 177 | 551 | 341 | 10 | 190.5 | 1,456 | 1,305 |
| 11/1/2015 | 221 | 182 | 1 | 3 | 11/1/2015 | 97 | 549 | 125 | 11 | 189.6 | 1,452 | 1,301 |
| 12/1/2015 | 163 | 112 | 1 | 3 | 12/1/2015 | 141 | 570 | 351 | 12 | 188.7 | 1,449 | 1,297 |
| 1/1/2016 | 130 | 130 | 1 | 3 | 1/1/2016 | 215 | 574 | 306 | 13 | 187.8 | 1,445 | 1,293 |
| 2/1/2016 | 165 | 165 | 1 | 3 | 2/1/2016 | 189 | 705 | 227 | 14 | 186.9 | 1,442 | 1,288 |
| 3/1/2016 | 131 | 193 | 1 | 3 | 3/1/2016 | 134 | 539 | 222 | 15 | 186.0 | 1,438 | 1,284 |
| 4/1/2016 | 115 | 124 | 1 | 3 | 4/1/2016 | 137 | 316 | 217 | 16 | 185.1 | 1,434 | 1,280 |
| 5/1/2016 | 184 | 183 | 1 | 3 | 5/1/2016 | 199 | 528 | 324 | 17 | 184.2 | 1,431 | 1,276 |
| 6/1/2016 | 174 | 166 | 1 | 3 | 6/1/2016 | 61 | 624 | 175 | 18 | 183.3 | 1,427 | 1,272 |
| 7/1/2016 | 187 | 185 | 1 | 3 | 7/1/2016 | 250 | 586 | - | 19 | 182.5 | 1,424 | 1,267 |
| 8/1/2016 | 189 | 199 | 1 | 3 | 8/1/2016 | 165 | 565 | 107 | 20 | 181.6 | 1,420 | 1,263 |
| 9/1/2016 | 92 | 151 | 1 | 3 | 9/1/2016 | 168 | 297 | 193 | 21 | 180.7 | 1,417 | 1,259 |
| 10/1/2016 | 147 | 213 | 1,375 | 3 | 10/1/2016 | 211 | 727 | 259 | 22 | 179.8 | 1,413 | 1,255 |
| 11/1/2016 | 89 | 129 | 2 | 3 | 11/1/2016 | 156 | 350 | 199 | 23 | 179.0 | 1,409 | 1,251 |
| 12/1/2016 | 110 | 177 | 4 | 3 | 12/1/2016 | 171 | 540 | 226 | 24 | 178.1 | 1,406 | 1,247 |
| 1/1/2017 | 116 | 200 | 5 | 3 | 1/1/2017 | 172 | 618 | 202 | 25 | 177.3 | 1,402 | 1,243 |
| 2/1/2017 | 176 | 191 | 26 | 3 | 2/1/2017 | 161 | 724 | 146 | 26 | 176.4 | 1,399 | 1,238 |
| 3/1/2017 | 142 | 201 | 16 | 3 | 3/1/2017 | 160 | 529 | 303 | 27 | 175.6 | 1,395 | 1,234 |
| 4/1/2017 | 131 | 194 | 1,566 | 3 | 4/1/2017 | 144 | 301 | 235 | 28 | 174.8 | 1,392 | 1,230 |
| 5/1/2017 | 180 | 242 | 1,919 | 3 | 5/1/2017 | 167 | 267 | 249 | 29 | 173.9 | 1,389 | 1,226 |
| 6/1/2017 | 105 | 141 | 1,271 | 3 | 6/1/2017 | 154 | 300 | 206 | 30 | 173.1 | 1,385 | 1,222 |
| 7/1/2017 | 152 | 201 | 1,185 | 3 | 7/1/2017 | 222 | 277 | 206 | 31 | 172.3 | 1,382 | 1,218 |
| 8/1/2017 | 177 | 69 | 1,758 | 3 | 8/1/2017 | 243 | 277 | 227 | 32 | 171.4 | 1,378 | 1,214 |
| 9/1/2017 | 198 | 102 | 1,911 | 3 | 9/1/2017 | 195 | 276 | 164 | 33 | 170.6 | 1,375 | 1,210 |
| 10/1/2017 | 203 | 242 | 2,216 | 3 | 10/1/2017 | 177 | 294 | 186 | 34 | 169.8 | 1,371 | 1,206 |
| 11/1/2017 | 203 | 196 | 2,040 | 3 | 11/1/2017 | 173 | 310 | 212 | 35 | 169.0 | 1,368 | 1,202 |
| 12/1/2017 | 184 | 205 | 1,986 | 3 | 12/1/2017 | 177 | 544 | 201 | 36 | 168.2 | 1,364 | 1,198 |
| 1/1/2018 | 131 | 177 | 1,675 | 3 | 1/1/2018 | 191 | 777 | 181 | 37 | 167.4 | 1,361 | 1,194 |
| 2/1/2018 | 171 | 206 | 1,633 | 3 | 2/1/2018 | 199 | 717 | 171 | 38 | 166.6 | 1,358 | 1,190 |
| 3/1/2018 | 196 | 223 | 2,831 | 3 | 3/1/2018 | 153 | 674 | 166 | 39 | 165.8 | 1,354 | 1,187 |
| 4/1/2018 | 97 | 163 | 1,752 | 3 | 4/1/2018 | 166 | 482 | 224 | 40 | 165.0 | 1,351 | 1,183 |
| 5/1/2018 | 203 | 226 | 3,039 | 3 | 5/1/2018 | 163 | 699 | 98 | 41 | 164.2 | 1,347 | 1,179 |
| 6/1/2018 | 173 | 206 | 3,026 | 3 | 6/1/2018 | 139 | 641 | - | 42 | 163.4 | 1,344 | 1,175 |
| 7/1/2018 | 187 | 181 | 2,651 | 3 | 7/1/2018 | 158 | 698 | 126 | 43 | 162.6 | 1,341 | 1,171 |
| 8/1/2018 | 203 | 196 | 2,795 | 3 | 8/1/2018 | 188 | 735 | - | 44 | 161.9 | 1,337 | 1,167 |
| 9/1/2018 | 192 | 178 | 2,745 | 3 | 9/1/2018 | 160 | 713 | - | 45 | 161.1 | 1,334 | 1,163 |
| 10/1/2018 | 183 | 128 | 2,438 | 3 | 10/1/2018 | 137 | 492 | - | 46 | 160.3 | 1,331 | 1,160 |
| 11/1/2018 | 202 | 177 | 2,092 | 3 | 11/1/2018 | 173 | 433 | - | 47 | 159.5 | 1,327 | 1,156 |
| 12/1/2018 | 187 | 171 | 2,294 | 3 | 12/1/2018 | 200 | 524 | - | 48 | 158.8 | 1,324 | 1,152 |
| 1/1/2019 | 210 | 168 | 2,240 | 3 | 1/1/2019 | 173 | 708 | - | 49 | 158.0 | 1,321 | 1,148 |
| 2/1/2019 | 148 | 156 | 1,971 | 3 | 2/1/2019 | 199 | 690 | - | 50 | 157.3 | 1,317 | 1,144 |
| 3/1/2019 | 194 | 142 | 2,528 | 3 | 3/1/2019 | 196 | 567 | - | 51 | 156.5 | 1,314 | 1,141 |
| 4/1/2019 | 198 | 161 | 2,436 | 3 | 4/1/2019 | 166 | 549 | - | 52 | 155.8 | 1,311 | 1,137 |
| 5/1/2019 | 203 | 288 | 2,609 | 3 | 5/1/2019 | 164 | 622 | - | 53 | 155.0 | 1,308 | 1,133 |
| 6/1/2019 | 103 | 295 | 986 | 3 | 6/1/2019 | 181 | 473 | - | 54 | 154.3 | 1,304 | 1,129 |
| 7/1/2019 | 157 | 330 | 2,371 | 3 | 7/1/2019 | 151 | 641 | - | 55 | 153.5 | 1,301 | 1,126 |
| 8/1/2019 | 195 | 348 | 2,602 | 3 | 8/1/2019 | 165 | 577 | - | 56 | 152.8 | 1,298 | 1,122 |
| 9/1/2019 | 160 | 274 | 2,403 | 3 | 9/1/2019 | 164 | 557 | - | 57 | 152.1 | 1,295 | 1,118 |
| 10/1/2019 | 141 | 302 | 2,120 | 3 | 10/1/2019 | 162 | 529 | 185 | 58 | 151.4 | 1,291 | 1,115 |
| 11/1/2019 | 181 | 281 | 2,293 | 3 | 11/1/2019 | 134 | 608 | 7 | 59 | 150.6 | 1,288 | 1,111 |
| 12/1/2019 | 132 | 294 | 2,000 | 3 | 12/1/2019 | 152 | 613 | - | 60 | 149.9 | 1,285 | 1,107 |
| 1/1/2020 | 159 | 301 | 1,572 | 3 | 1/1/2020 | 147 | 579 | 1 | | | | |
| 2/1/2020 | 198 | 290 | 1,693 | 3 | 2/1/2020 | 75 | 574 | 1 | | | | |
| 3/1/2020 | 162 | 259 | 1 | 3 | 3/1/2020 | 169 | 895 | 1 | | | | |
| 4/1/2020 | 87 | 272 | 178 | 3 | 4/1/2020 | 23 | 854 | 94 | | | | |
| 5/1/2020 | 174 | 342 | 2,248 | 3 | 5/1/2020 | - | 91 | - | | | | |
| | | | | | 6/1/2020 | 11 | 83 | 12 | | | | |

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Exhibit D – 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 | 1.3 | 43 | 5 |
| Langlie Mattix | Seven Rivers-Queen | 5.2 | 6 | 40 |
| | Total | 6.5 | 49 | 45 |
| Jalmat | Yates-Seven Rivers | 19% | 86% | 11% |
| Langlie Mattix | Seven Rivers-Queen | 81% | 14% | 89% |
| | Total (%) | 100% | 100% | 100% |

Attachment A - Well Log

30025262800000
FAE II Operating LLC

ARNOTT RAMSAY NCT-B 8
SPUD DATE : 4/26/1979
T25S R37E S32

Subsea
Depth(ft)
- 275 -

- 225 -

- 175 -

- 125 -

- 75 -

- 25 -

-25 -

-75 -

-125 -

-175 -

-225 -

-275 -

-325 -

-375 -

-425 -

-475 -

-525 -

-575 -

-625 -

Subsea
Depth(ft)
- 275 -

- 225 -

- 175 -

- 125 -

- 75 -

- 25 -

-25 -

-75 -

-125 -

-175 -

-225 -

-275 -

-325 -

-375 -

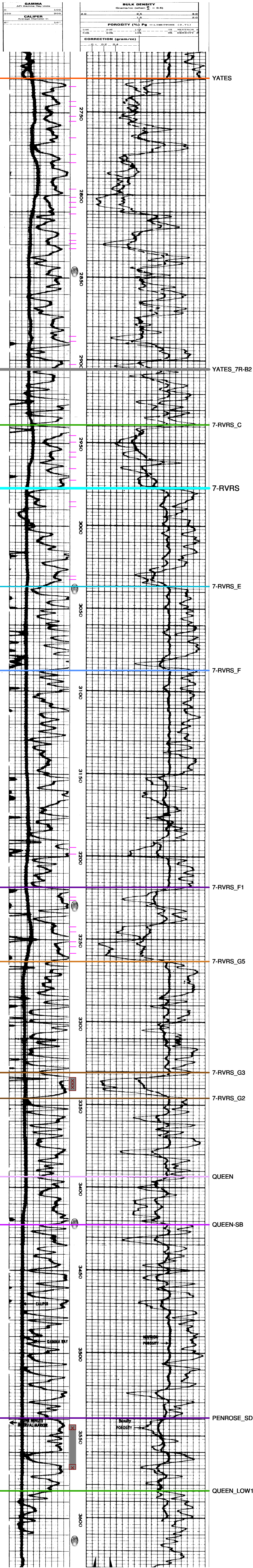
-425 -

-475 -

-525 -

-575 -

-625 -



District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | |
|----------------------------|--|--------------------|----------------------------------|--|
| API Number 30-025-26280 | | Pool Code 33820 | Pool Name Jalmat (T-Y-7R) Oil | |
| Property Code 326919 | Property Name Arnott Ramsay NCT-B | | Well Number 8 | |
| GRID No. 329326 | Operator Name FAE II Operating, LLC | | Elevation 2979' GR | |

Surface Location

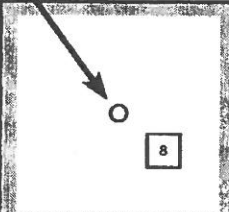
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 32 | 25S | 37E | | 660' | South | 1980' | West | Lea |

Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 40 | N | | |

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

| | | |
|--|--|--|
| <div>16</div> <div>Arnott Ramsay NCT-B #8 660' FSL & 1980' FWL (N) Sec. 32, T-25-S, R-37-E</div>  | OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief M Bates Signature Marshall Bates Printed Name Engineering Tech Title 11/23/20 Date | |
| | 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. Date of Survey Signature and Seal of Professional Surveyer: Certificate Number | |

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|------------------------------|--|-------------------------------|
| 1 API Number 30-025-26280 | 2 Pool Code 37240 | 3 Pool Name Langlie Mattix |
| 4 Property Code 326919 | 5 Property Name Arnott Ramsay NCT-B | 6 Well Number 8 |
| 7 OGRID No. 329326 | 8 Operator Name FAE II Operating, LLC | 9 Elevation 2979' GR |

10 Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|------------------------|------------------------|---------------|
| UL or lot no. N | Section 32 | Township 25S | Range 37E | Lot Idn | Feet from the 660' | North/South line South | Feet from the 1980' | East/West Line West | 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 | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| | | | |
|--------------------------|-------------------------|-----------------------|--------------|
| 12 Dedicated Acres 40 | 13 Joint or Infill N | 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

16 OPERATOR CERTIFICATION

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

M Bates

Signature

Marshall Bates

Printed Name

Engineering Tech

Title

11/23/20

Date

17 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

Date of Survey

Signature and Seal of Professional Surveyer:

Certificate Number

Arnott Ramsay NCT-B #8
660' FSL & 1980' FWL (N)
Sec. 32, T-25-S, R-37-E

From: [Engineer, OCD, EMNRD](#)
To: [Marshall Bates](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); lisa@nwbyram.com; [Holm, Anchor E.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5089
Date: Monday, January 25, 2021 1:12:43 PM
Attachments: [DHC5089 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5089 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Arnott Ramsay NCT B #8 well (30-025-26280).

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.

| | | | | |
|--|---|-------------------|---------------|-----|
| Order: DHC-5089 | | | | |
| Operator: FAE II Operating, LLC | | | | |
| Operator OGRID: 329326 | | | | |
| Well Name: Arnott Ramsay NCT B #8 | | | | |
| Well API: 30-025-26280 | | | | |
| Upper Zone | Pool Name: JALMAT; TAN-YATES-7 RVRS (OIL) | | | |
| | Pool ID: 33820 | Current: X | New: | |
| | Allocation: Fixed Percent | Oil: 19% | Gas: | 86% |
| Intermediate Zone | Pool Name: | | | |
| | Pool ID: | Current: | New: | |
| | Allocation: | Oil: | Gas: | |
| Lower Zone | Pool Name: LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG | | | |
| | Pool ID: 37240 | Current: | New: X | |
| | Allocation: Fixed Percent | Oil: 81% | Gas: | 14% |

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-5089

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: 1/25/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5089**

Operator: **FAE II Operating, LLC**

Operator OGRID: **329326**

Well Name: **Arnott Ramsay NCT B #8**

Well API: **30-025-26280**

| | | | |
|-------------------|---|-------------------|-----------------|
| Upper Zone | Pool Name: JALMAT; TAN-YATES-7 RVRS (OIL) | | |
| | Pool ID: 33820 | Current: X | New: |
| | Allocation: Fixed Percent | Oil: 19% | Gas: 86% |
| Intermediate Zone | Pool Name: | | |
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| | Allocation: | Oil: | Gas: |
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| | Pool ID: 37240 | Current: | New: X |
| | Allocation: Fixed Percent | Oil: 81% | Gas: 14% |

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 11300

CONDITIONS OF APPROVAL

| | | | | | | | | | |
|--------------|--|--------------------------------|------------------|--------|--------|----------------|-------|--------------|--------|
| Operator: | FAE II OPERATING LLC | 11757 Katy Freeway, Suite 1000 | Houston, TX77079 | OGRID: | 329326 | Action Number: | 11300 | 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. | | | | | | | | |