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Signature

| SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW  TYPE OF APPLICATION: Check those which apply for [A]  A. Location – Spacing Unit – Simultaneous Dedication    NSL  |  |  |   |                         | Revised March 23, 2017                       |
|--|--|--|---|-------------------------|--|
| NEW MEXICO OIL CONSERVATION DIVISION - Geological & Engineering Bureau – 1220 South St. Francis Drive, Santa Fe, NM 87505  ADMINISTRATIVE APPLICATION CHECKLIST  THIS CHECKLIST'S MANDATORY FOR ALL ADMINISTRATIVE APPLICATION CHECKLIST  HIS CHECKLIST'S MANDATORY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE  POLICANT: FAE II Operating. LLC  OGRID Number: 20326  API: 30-025-29579  POOI Code: 79240  SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW  TYPE OF APPLICATION: Check those which apply for [A] A. Location - Spacing Unit - Simultaneous Dedication  NSL  | RECEIVED:  | REVIEWER:  | TYPE:   | APP NO:                 |  |
| ADMINISTRATIVE APPLICATION CHECKLIST  THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULALIONS WHICH REGULALIONS AT THE DIVISION LEVEL IN SANTAFE  POPLICANT: FAE II Operating. LLC  OGRID Number: 293326  API: 30-025-29579  POOL Code: 79240  SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELIOW  TYPE OF APPLICATION: Check those which apply for [A]  A. Location - Spacing Unit - Simultaneous Dedication  NSL   NSP   PROJECT AREA   NSP   PROMATION LINE   SD  B. Check one only for [1] or [1]    [1] Commingling - Storage - Measurement   DHC   CIB   PLC   PC   CIS   CIM    [II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery   WFX   PMX   SWD   IPI   EOR   PPR  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 BLM  F.   Surface owner  G.   For all of the above, proof of notification or publication is attached, and/or,  H.   No notice required  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 manageral and/or supervisory capacity.    Val Zao   Date   Da | ,  |  |   |                         | AN NEW C                                     |
| ADMINISTRATIVE APPLICATION CHECKLIST  THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA REPLICATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA REPLICATION SWHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA REPLICATION SWHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA REPLICATION SUBJECT OF APPLICATION SUBJECT OF APPLICATION INDICATED BELOW  TYPE OF APPLICATION: Check those which apply for [A]  A. Location — Spacing Unit — Simultaneous Dedication  MSL — NSP PROJECT AREA — MSP PROGRATION UNIT — SD  B. Check one only for [1] or [1]    [1] Comminingling — Storage — Measurement   |  |  |   |                         |  |
| TYPE OF APPLICATION: Check those which apply for [A]  B. Check one only for [T] or [T]  [T] Commingling - Storage - Measurement  |  |  |   |                         | · ·  |
| PICATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE  PICH Name: Dabbs #003  |  |  |   |                         |  |
| API: 30-025-29579  ol: Jalmat  Pool Code: 79240  SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW  TYPE OF APPLICATION: Check those which apply for [A]  A. Location - Spacing Unit - Simultaneous Dedication  NSL   NSP   PROJECT AREA    NSP   PROBATION UNIT    SD  B. Check one only for [1] or [1]  [1] Commingling - Storage - Measurement   | THIS C   |  |   |                         |  |
| SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW  TYPE OF APPLICATION: Check those which apply for [A]  A. Location – Spacing Unit – Simultaneous Dedication  NSL   NSP   PROJECT AREA   NSP   PROGRATION UNRT   SD  B. Check one only for [1] or [11]  [1] Commingling – Storage – Measurement    DHC   CTB   PLC   PC   OLS   OLM  [11] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery    WFX   PMX   SWD   IP    EOR   PPR  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  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.  | pplicant: FAE II O   | perating, LLC  |   | OGRID                   | Number: 329326                               |
| SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW  TYPE OF APPLICATION: Check those which apply for [A]  A. Location – Spacing Unit – Simultaneous Dedication    NSL  |  | #003   |   |                         |  |
| INDICATED BELOW  TYPE OF APPLICATION: Check those which apply for [A]  A. Location – Spacing Unit – Simultaneous Dedication    NSL   | ol: Jalmat   |  |   | Pool C                  | ode: 79240                                   |
| A. Location – Spacing Unit – Simultaneous Dedication  NSL  | SUBMIT ACCURA  | ATE AND COMPLETE INFO  |   |                         | IE TYPE OF APPLICATION                       |
| [1] Commingling – Storage – Measurement DHC  | A. Location  | - Spacing Unit - Simulto   | aneous Dedication   |                         |  |
| 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  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.   | [I] Com<br>[II] Injec  | mingling – Storage – Me<br>DHC CTB CPL<br>tion – Disposal – Pressur  | C PC OL<br>re Increase – Enhar  | nced Oil Recovery       |  |
| 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.    Value    | A. Offset B. Royal C. Applic D. Notific E. Surfac G. For all | operators or lease hold<br>ty, overriding royalty ow<br>cation requires publishe<br>cation and/or concurre<br>cation and/or concurre<br>ce owner<br>of the above, proof of | ders<br>ners, revenue own<br>d notice<br>nt approval by SLC<br>nt approval by BLM | )                       | Notice Complete Application Content Complete |
| avid Schellstede  Int or Type Name  832-220-3202   | CERTIFICATION administrative understand th                   | N: I hereby certify that the approval is accurate a at no action will be take  | and <b>complete</b> to the en on this applicati                                   | e best of my know       | vledge. I also                               |
| avid Schellstede Date Int or Type Name 832-220-3202  | No   | ote: Statement must be complete  | ed by an individual with m  | nanagerial and/or super | visory capacity.                             |
| int or Type Name 832-220-3202  |  |  |   | 1/22/2                  | 2021   |
| 832-220-3202   | avid Schellstede   |  |   | Date                    |  |
|  | int or Type Name   |  |   | 832_220_3202            |  |
|  |  |  |   |                         |  |

David@FAEnergyus.com
e-mail Address

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<u>District I</u> 1625 N. French Drive, Hobbs, NM 88240

District II 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos

District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

s Road, Aztec, NM 87410

State of New Mexico Energy, Minerals and Natural Resources Department

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

APPLICATION TYPE X\_\_Single Well Establish Pre-Approved Pools

Form C-107A

Revised August 1, 2011

EXISTING WELLBORE \_\_X\_\_ Yes \_\_\_\_No

### APPLICATION FOR DOWNHOLE COMMINGLING

| FAE II Oper    | ating, LLC | 11757 Kat | y Fwy. Ste. 1000, Houston    | , TX 77079  |         |                  |
|----------------|------------|-----------|------------------------------|-------------|---------|------------------|
| Operator Dabbs |            | 3         | Address <i>M-34-25S-37E</i>  |             |         | Lea              |
| Lease          |            | Well No.  | Unit Letter-Section-Township | -Range      |         | County           |
|                | 329326     | 326926    | 30-025-29579                 |             |         | $\boldsymbol{X}$ |
| OGRID No.      | Property   | Code      | API No.                      | Lease Type: | Federal | StateFee         |

| DATA ELEMENT   | UPPER ZONE                | INTERMEDIATE ZONE | LOWER ZONE                |
|--|---------------------------|-------------------|---------------------------|
| Pool Name  | Jalmat                    |                   | Langlie Mattix            |
| Pool Code  | 79240                     |                   | 37240                     |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval)   | 2,470 – 3,192'            |                   | 3,192' – 3,375'           |
| Method of Production<br>(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<br>(Degree API or Gas BTU)  | 35.0 API / 1.387 BTU      |                   | 35.0 API / 1.387 BTU      |
| Producing, Shut-In or<br>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 0 % 66 %          | Oil Gas           | Oil Gas  100 % 34 %       |

# ADDITIONAL DATA

| Are all working, royalty and overriding royalty interests identical in all commingled zones?   | Yes_ | _X          | 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_ | $_{-}X_{-}$ | _No   |   |
| Will commingling decrease the value of production?   | Yes_ |             | No_X_ |   |
| 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_ | $_{-}X_{-}$ | _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 MBO      | ter      | TITLE_ | Engineering | Tech     | DATE_ | 1/24/21   |
|--------------------|----------|--------|-------------|----------|-------|-----------|
| TYPE OR PRINT NAME | Marshall | Bates  | TELEPHO     | NE NO. ( | 832)  | 241 - 800 |

Marshall @ FAEnergy us, com E-MAIL ADDRESS

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# Received by OCD: 1/25/2021 9:50:37 AM

# fae∏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:

Dabbs #003: API 30-025-29579

Jalmat Pool: 79240

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 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

# fae I Toperating

January 24, 2021

### **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 Jalmat and Langlie Mattix Pools for the Dabbs #3 well located in Sec. 34, 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 Jalmat and Langlie Mattix Pools for its Dabbs #3 well located in Unit Letter M, Section 34, T-25S, R-37E, 990 feet FSL and 660 feet FWL, as shown in the attached C-102's for each zone.

The Dabbs #3 is currently open to the Yates-Seven Rivers interval, which translates to the JALMAT; TAN-YATES-7 RVRS [Pool ID: 79240]. The production curve for this interval is shown in Exhibit A. To develop a forecast for this zone, a decline curve was utilized based on the aforementioned historical production.

The zone that does not have production history in the Dabbs #3 is the Seven Rivers-Queen, which translates to the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a forecast for this zone, ten (10) surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the Dabbs #3 by taking the historical 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.

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 C. This forecast for the Dabbs #3 proved that an IP of 2.1 BOPD and 40.5 MCFPD is the expected total, and of that, 2.1 BOPD and 13.8 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 26.7 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.

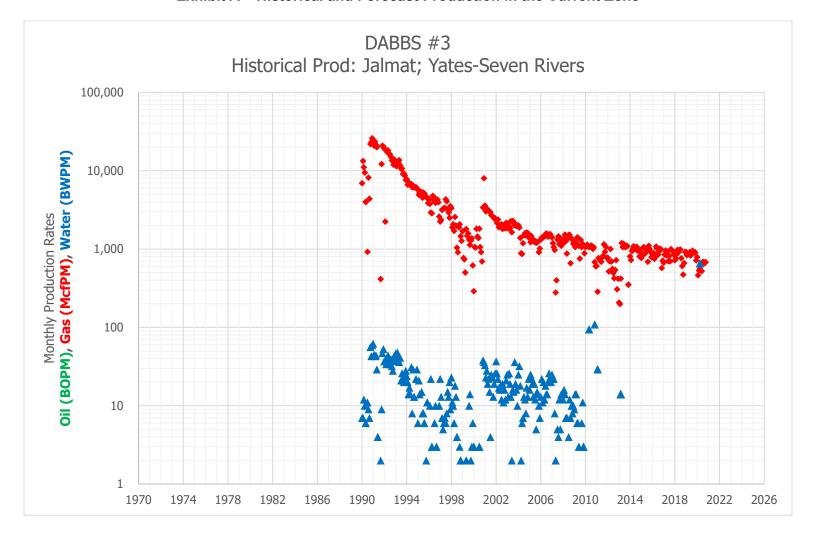
This proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. If there are further questions concerning this application, please feel free to contact the undersigned by email at marshall@faenergyus.com or by telephone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

Very truly yours,

FAE II Operating, LLC

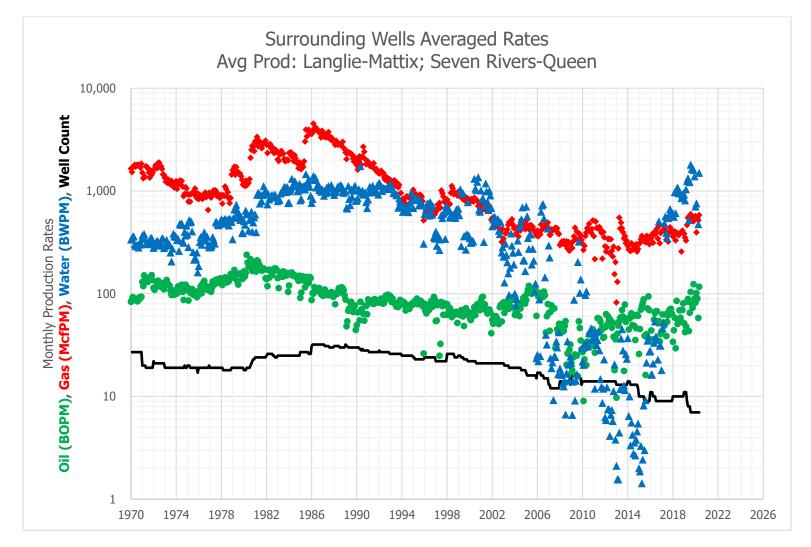
# fae∏operating

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



# fae I operating

Exhibit B – Historical Average Production in the Proposed Zone



# fae∏operating

# **Exhibit C – Historical Production and Decline Curve**

|                       | Surrounding Wells Averaged Rates Avg Prod: Langlie-Mattix; Seven Rivers-Queen |                    |                     |               |                       | DABBS #3<br>Historical Prod: Jalmat; Yates-Seven Rivers |                    |                     | Synthetic Decline Curve |                   |                    |                    |
|-----------------------|---|--------------------|---------------------|---------------|-----------------------|---|--------------------|---------------------|-------------------------|-------------------|--------------------|--------------------|
| Date                  | Avg Oil<br>(BOPM)   | Avg Gas<br>(McfPM) | Avg Water<br>(BWPM) | Well<br>Count | Date                  | Avg Oil<br>(BOPM)                                       | Avg Gas<br>(McfPM) | Avg Water<br>(BWPM) | Month                   | Avg Oil<br>(BOPM) | Avg Gas<br>(McfPM) | Avg Wate<br>(BWPM) |
| 1/1/2015              | 26  | 304                | 2                   | 10            | 1/1/2015              |   | 769                |                     | 1                       | 64.7              | 1,231              | 616                |
| 2/1/2015              | 45  | 313                | 2                   | 10            | 2/1/2015              |   | 824                |                     | 2                       | 64.4              | 1,228              | 614                |
| 3/1/2015              | 70  | 340                | 3                   | 10            | 3/1/2015              |   | 1,045              |                     | 3                       | 64.1              | 1,225              | 612                |
| 4/1/2015              | 76  | 365                | 1                   | 10            | 4/1/2015              |   | 1,056              |                     | 4                       | 63.8              | 1,222              | 610                |
| 5/1/2015              | 81<br>88  | 356<br>328         | 8                   | 10<br>10      | 5/1/2015<br>6/1/2015  |   | 874                |                     | 5                       | 63.5              | 1,219              | 608                |
| 6/1/2015<br>7/1/2015  | 39  | 347                | 3                   | 9             | 7/1/2015              |   | 1,011<br>967       |                     | 7                       | 63.2              | 1,215<br>1,212     | 604                |
| 8/1/2015              | 16  | 316                | 9                   | 9             | 8/1/2015              |   | 689                |                     | 8                       | 62.6              | 1,212              | 602                |
| 9/1/2015              | 40  | 364                | 21                  | 9             | 9/1/2015              |   | 1,104              |                     | 9                       | 62.3              | 1,206              | 600                |
| 10/1/2015             | 72  | 361                | 35                  | 9             | 10/1/2015             |   | 1,005              |                     | 10                      | 62.0              | 1,203              | 598                |
| 11/1/2015             | 94  | 342                | 39                  | 9             | 11/1/2015             |   | 911                |                     | 11                      | 61.7              | 1,200              | 596                |
| 12/1/2015             | 69  | 302                | 27                  | 9             | 12/1/2015             |   | 787                |                     | 12                      | 61.4              | 1,197              | 594                |
| 1/1/2016              | 35  | 348                | 28                  | 11            | 1/1/2016              |   | 862                |                     | 13                      | 61.1              | 1,194              | 592                |
| 2/1/2016              | 44  | 348                | 16                  | 11            | 2/1/2016              |   | 896                |                     | 14                      | 60.8              | 1,191              | 590                |
| 3/1/2016              | 36  | 378                | 16                  | 11            | 3/1/2016              |   | 748                |                     | 15                      | 60.5              | 1,188              | 588                |
| 4/1/2016              | 36  | 313                | 21                  | 10            | 4/1/2016              |   | 793                |                     | 16                      | 60.3              | 1,185              | 586                |
| 5/1/2016              | 56  | 395                | 33                  | 10            | 5/1/2016              |   | 1,074              |                     | 17                      | 60.0              | 1,183              | 584                |
| 6/1/2016              | 65  | 377                | 54                  | 10            | 6/1/2016              |   | 1,017              |                     | 18                      | 59.7              | 1,180              | 582                |
| 7/1/2016              | 67  | 398                | 38                  | 9             | 7/1/2016              |   | 845                |                     | 19                      | 59.4              | 1,177              | 581                |
| 8/1/2016              | 68  | 429                | 36                  | 9             | 8/1/2016              |   | 928                |                     | 20                      | 59.1              | 1,174              | 579                |
| 9/1/2016              | 52  | 343                | 23                  | 9             | 9/1/2016              |   | 1,009              |                     | 21                      | 58.8              | 1,171              | 577                |
| 10/1/2016             | 54  | 455                | 506                 | 9             | 10/1/2016             |   | 999                |                     | 22                      | 58.5              | 1,168              | 575                |
| 11/1/2016             | 34  | 310                | 31                  | 9             | 11/1/2016             |   | 574                |                     | 23                      | 58.3              | 1,165              | 573                |
| 12/1/2016             | 40  | 391                | 31                  | 9             | 12/1/2016             |   | 711                |                     | 24                      | 58.0              | 1,162              | 571                |
| 1/1/2017              | 43  | 397                | 18                  | 9             | 1/1/2017              |   | 670                |                     | 25                      | 57.7              | 1,159              | 569                |
| 2/1/2017              | 63  | 412                | 46                  | 9             | 2/1/2017              |   | 850                |                     | 26                      | 57.4              | 1,156              | 567                |
| 3/1/2017              | 52  | 461                | 52                  | 9             | 3/1/2017              |   | 956                |                     | 27                      | 57.2              | 1,153              | 565                |
| 4/1/2017              | 49  | 410                | 485                 | 9             | 4/1/2017              |   | 831                |                     | 28                      | 56.9              | 1,150              | 564                |
| 5/1/2017              | 63  | 419                | 566                 | 9             | 5/1/2017              |   | 934                |                     | 29                      | 56.6              | 1,148              | 562                |
| 6/1/2017              | 39  | 338                | 389                 | 9             | 6/1/2017              |   | 700                |                     | 30                      | 56.3              | 1,145              | 560                |
| 7/1/2017              | 53  | 363                | 348                 | 9             | 7/1/2017              |   | 818                |                     | 31                      | 56.1              | 1,142              | 558                |
| 8/1/2017              | 62  | 320                | 543                 | 9             | 8/1/2017              |   | 698                |                     | 32                      | 55.8              | 1,139              | 556                |
| 9/1/2017<br>10/1/2017 | 68<br>70  | 390<br>443         | 587<br>666          | 9             | 9/1/2017<br>10/1/2017 |   | 998<br>967         |                     | 33<br>34                | 55.5<br>55.3      | 1,136<br>1,133     | 554<br>553         |
| 11/1/2017             | 71  | 404                | 598                 | 9             | 11/1/2017             |   | 926                |                     | 35                      | 55.0              | 1,130              | 551                |
| 12/1/2017             | 64  | 414                | 595                 | 9             | 12/1/2017             |   | 845                |                     | 36                      | 54.7              | 1,130              | 549                |
| 1/1/2018              | 34  | 360                | 605                 | 10            | 1/1/2018              |   | 718                |                     | 37                      | 54.5              | 1,125              | 547                |
| 2/1/2018              | 44  | 380                | 559                 | 10            | 2/1/2018              |   | 758                |                     | 38                      | 54.2              | 1,122              | 545                |
| 3/1/2018              | 58  | 403                | 971                 | 10            | 3/1/2018              |   | 859                |                     | 39                      | 54.0              | 1,119              | 544                |
| 4/1/2018              | 29  | 330                | 608                 | 10            | 4/1/2018              |   | 980                |                     | 40                      | 53.7              | 1,116              | 542                |
| 5/1/2018              | 85  | 392                | 1,037               | 10            | 5/1/2018              |   | 907                |                     | 41                      | 53.4              | 1,114              | 540                |
| 6/1/2018              | 51  | 387                | 1,083               | 10            | 6/1/2018              |   | 967                |                     | 42                      | 53.2              | 1,111              | 538                |
| 7/1/2018              | 55  | 370                | 950                 | 10            | 7/1/2018              |   | 990                |                     | 43                      | 52.9              | 1,108              | 536                |
| 8/1/2018              | 69  | 381                | 948                 | 10            | 8/1/2018              |   | 762                |                     | 44                      | 52.7              | 1,105              | 535                |
| 9/1/2018              | 58  | 389                | 951                 | 10            | 9/1/2018              |   | 606                |                     | 45                      | 52.4              | 1,103              | 533                |
| 10/1/2018             | 54  | 257                | 851                 | 10            | 10/1/2018             |   | 473                |                     | 46                      | 52.2              | 1,100              | 531                |
| 11/1/2018             | 69  | 410                | 913                 | 10            | 11/1/2018             |   | 664                |                     | 47                      | 51.9              | 1,097              | 529                |
| 12/1/2018             | 80  | 389                | 939                 | 10            | 12/1/2018             |   | 918                |                     | 48                      | 51.7              | 1,094              | 528                |
| 1/1/2019              | 52  | 384                | 921                 | 11            | 1/1/2019              |   | 918                |                     | 49                      | 51.4              | 1,092              | 526                |
| 2/1/2019              | 42  | 351                | 808                 | 11            | 2/1/2019              |   | 834                |                     | 50                      | 51.2              | 1,089              | 524                |
| 3/1/2019              | 48  | 329                | 1,036               | 11            | 3/1/2019              |   | 872                |                     | 51                      | 50.9              | 1,086              | 522                |
| 4/1/2019              | 84  | 466                | 1,244               | 9             | 4/1/2019              |   | 872                |                     | 52                      | 50.7              | 1,083              | 521                |
| 5/1/2019              | 89  | 547                | 1,334               | 8             | 5/1/2019              |   | 912                |                     | 53                      | 50.5              | 1,081              | 519                |
| 6/1/2019              | 43  | 538                | 521                 | 8             | 6/1/2019              |   | 827                |                     | 54                      | 50.2              | 1,078              | 517                |
| 7/1/2019              | 65  | 576                | 1,217               | 8             | 7/1/2019              |   | 870                |                     | 55                      | 50.0              | 1,075              | 516                |
| 8/1/2019              | 104   | 594                | 1,799               | 7             | 8/1/2019              |   | 953                |                     | 56                      | 49.7              | 1,073              | 514                |
| 9/1/2019              | 80  | 514                | 1,642               | 7             | 9/1/2019              |   | 914                |                     | 57                      | 49.5              | 1,070              | 512                |
| 10/1/2019             | 73  | 545                | 1,672               | 7             | 10/1/2019             |   | 902                |                     | 58                      | 49.3              | 1,067              | 511                |
| 11/1/2019             | 123   | 506                | 1,599               | 7             | 11/1/2019             |   | 902                |                     | 59                      | 49.0              | 1,065              | 509                |
| 12/1/2019             | 90  | 560                | 1,386               | 7             | 12/1/2019             |   | 718                |                     | 60                      | 48.8              | 1,062              | 507                |
| 1/1/2020              | 82  | 568                | 704                 | 7             | 1/1/2020              |   | 787                | -                   |                         |                   |                    |                    |
| 2/1/2020              | 101   | 395                | 755                 | 7             | 2/1/2020              |   | 464                | -                   |                         |                   |                    |                    |
| 3/1/2020              | 90  | 544                | 1 474               | 7             | 3/1/2020              |   | 535                | - 660               |                         |                   |                    |                    |
| 4/1/2020              | 58  | 518                | 474                 | 7             | 4/1/2020              |   | 557                | 660                 |                         |                   |                    |                    |
| 5/1/2020<br>6/1/2020  | 117<br>82   | 582<br>510         | 1,498<br>1,450      | 7             | 5/1/2020<br>6/1/2020  |   | 631<br>524         |                     |                         |                   |                    |                    |

# fae∏operating

# Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

| Zone (1)       | Zone (2)           | Oil IP<br>(BOPD) | Gas IP<br>(MCFD) | Water IP<br>(BWPD) |
|----------------|--------------------|------------------|------------------|--------------------|
| Jalmat         | Yates-Seven Rivers | 0.0              | 26.7             | 0.4                |
| Langlie Mattix | Seven Rivers-Queen | 2.1              | 13.8             | 19.9               |
|                | Total              | 2.1              | 40.5             | 20.3               |
| Jalmat         | Yates-Seven Rivers | 0%               | 66%              | 2%                 |
| Langlie Mattix | Seven Rivers-Queen | 100%             | 34%              | 98%                |
|                | Total (%)          | 100%             | 100%             | 100%               |

6

3239

MONALD

9-1985

I Operating, LLC Dabbs 37 1 rst Less Count 25 South Jalmat 4001.5 Yates-Seven Rivers 1 Outline the acrenge dedicated to the aubject 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 thath as to working interest and rovalty) 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consuldated by communitization, unitization, force-pooling, etc? If answer is "yes," type of consolidation ..... les If answer is "no." list the owners and tract descriptions which have actually been consolidated this reverse side of 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 Commis-Sion. CERTIFICATION I hereby certify that the information can tained herein is true and complete to the of my knowledge and belief n Marshall Bates Dabbs No. 2 Engineering Tech 2310 FNL & 330 FWL (E) FAE II Operating, LIC 1/24/2021 Sectio Imaging: 2/4/2021 10:17:32 Dabbs No. 990 FSL & 330 FWL (M) Dabbs No. 990 FSL & 660 FWL (M) Heatered Friteston Ingines

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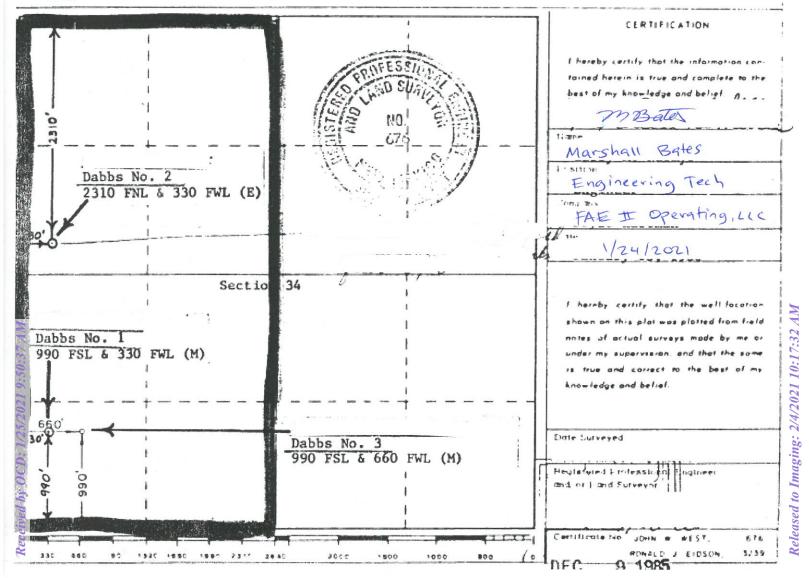
| FAE          | I Operating    | 3, LLC      | Dabbs       |             | 3     |
|--------------|----------------|-------------|-------------|-------------|-------|
| · Tylle      | 34             | 25 South    | 37 1 st     | Jane Lear   | Count |
| 7. EAL       | The five star  | South me we | ينم (داداد) | * 40 H 41 m | West  |
| ntipre. ties | i returning to | Super Diagn | Langlie M   | lattix      | 320   |

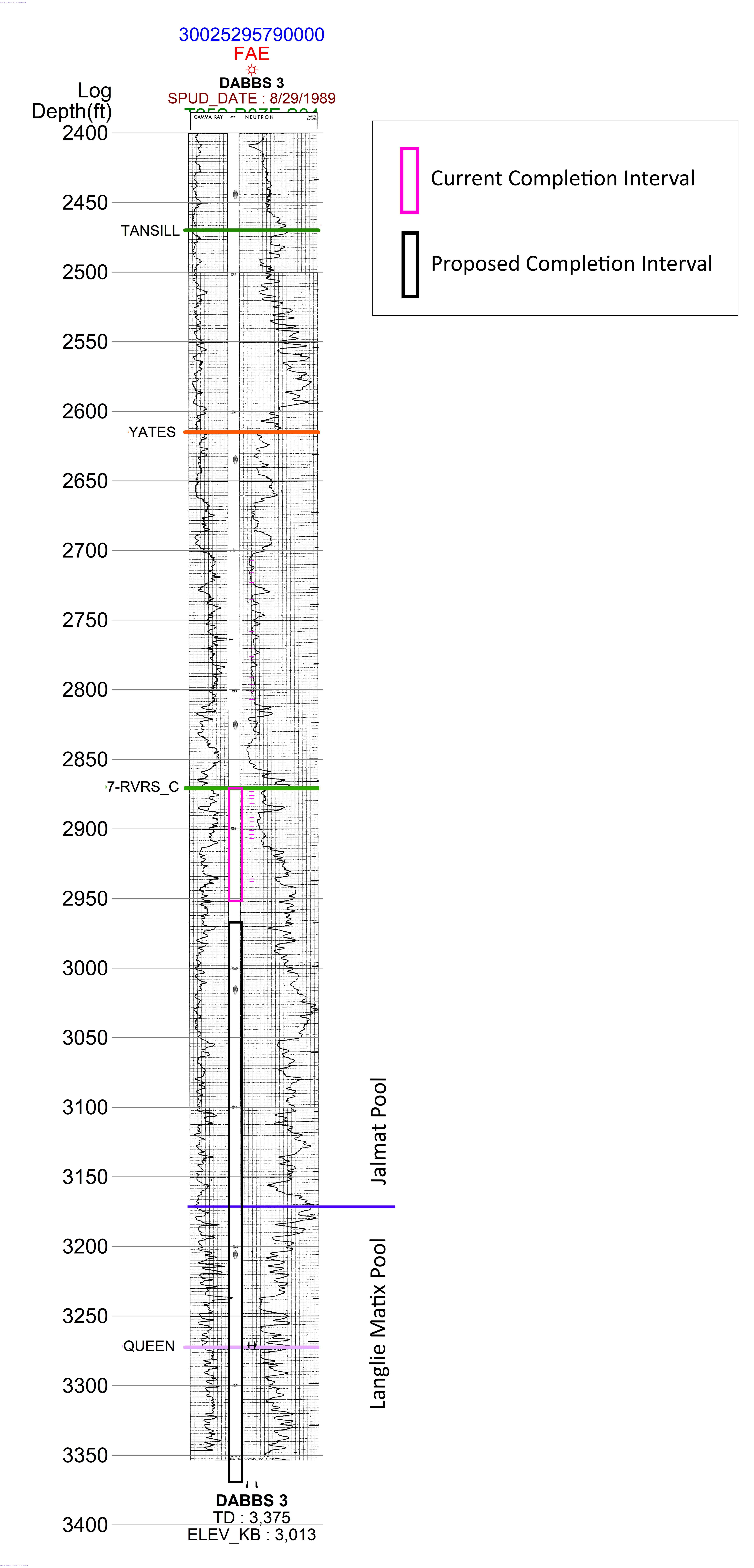
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof thath as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, 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. (I'se 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.





From: Engineer, OCD, EMNRD

To:

Marshall Bates
McClure, Dean, EMNRD; Bratcher, Mike, EMNRD; Kautz, Paul, EMNRD: lisa@rwbyram.com
Approved Administrative Order DHC-5116 Cc:

Subject: Date: Attachments: Thursday, February 4, 2021 10:06:42 AM DHC5116 Order.pdf

NMOCD has issued Administrative Order DHC-5116 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Dabbs #3 well (30-025-29579).

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-5116  |       |         |       |
|-------------------|-------------|---|-------|---------|-------|
|                   |             | FAE II Operating, LLC (329326)                        |       |         |       |
|                   | Well Name:  |   |       |         |       |
|                   |             |   |       |         |       |
|                   |             | 30-025-29579  |       |         |       |
|                   | Pool Name:  | JALMAT;TAN-YATES-7 RVRS (GAS)                         |       |         |       |
| Upper Zone        | Pool ID:    | 79240 Current:  | X     | New:    |       |
| Opper Zone        | Allocation: | Fixed Percent Oil:                                    | 0%    | Gas:    | 66%   |
|                   | Interval:   | Perforations Top:                                     | 2,470 | Bottom: | 3,192 |
|                   | Pool Name:  |   |       |         |       |
| Intermediate Zone | Pool ID:    | Current:  |       | New:    |       |
| intermediate Zone | Allocation: | Oil:  |       | Gas:    |       |
|                   | Interval:   | Тор:  |       | Bottom: |       |
|                   |             | Bottom of Interval within 150% of Upper Zone's Top of |       |         |       |
|                   |             | Interval:   |       |         |       |
|                   | Pool Name:  | LANGLIE MATTIX;7 RVRS-Q-GRAYBURG                      |       |         |       |
| Lauran Zama       | Pool ID:    | 37240 Current:  |       | New:    | X     |
| Lower Zone        | Allocation: | Fixed Percent Oil:                                    | 100%  | Gas:    | 34%   |
|                   | Interval:   | Perforations Top:                                     | 3,192 | Bottom: | 3,375 |
|                   |             | Bottom of Interval within 150% of Upper Zone's Top of |       |         |       |
|                   |             | Interval:   | YES   |         |       |

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-5116** 

### **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

Order No. DHC-5116 Page 1 of 2

- 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

Order No. DHC-5116 Page 2 of 2

# **State of New Mexico Energy, Minerals and Natural Resources Department**

# **Exhibit A**

Order: DHC-5116

Operator: FAE II Operating, LLC (329326)

Well Name: Dabbs #3

Pool ID: 79240

Well API: 30-025-29579

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

**Upper Zone Allocation: Fixed Percent** Oil: 0% Gas: 66%

**Interval: Perforations** 

**Pool Name:** 

Pool ID: **Current:** New: **Intermediate Zone** Allocation: Oil: Gas:

> Interval: Top: **Bottom:**

Bottom of Interval within 150% of Upper Zone's Top of Interval:

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

Pool ID: 37240 **Current:** New: X **Lower Zone Allocation: Fixed Percent** Oil: 100% Gas: 34%

> **Interval: Perforations** Top: 3,192 **Bottom: 3,375**

**Current: X** 

Top: 2,470

New:

**Bottom: 3,192** 

Bottom of Interval within 150% of Upper Zone's Top of Interval: YES

<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720

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 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 15516

### **CONDITIONS OF APPROVAL**

| Operator:            |                                |                  | OGRID: | Action Number: | Action Type: |
|----------------------|--------------------------------|------------------|--------|----------------|--------------|
| FAE II OPERATING LLC | 11757 Katy Freeway, Suite 1000 | Houston, TX77079 | 329326 | 15516          | 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. |