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7.10		ATIVE APPLICATION		
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plicant: FAE II O				RID Number: 329326
II Name: CTB	ates #004			30-025-34404
Rhodes			Pool	Code: 83810
		INDICATED BELO	W	THE TYPE OF APPLICATION
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[I] Com [II] Injec	ne only for [1] or [11] mingling – Storage – M DHC □CTB □PI tion – Disposal – Pressu WFX □PMX □SV	LC PC C ure Increase – Enha	anced Oil Recov	ery FOR OCD ONLY
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administrative understand th	<b>1:</b> I hereby certify that to approval is <b>accurate</b> of at <b>no action</b> will be take the submitted to the Div	and <b>complete</b> to t ken on this applica	he best of my kr	
Ne	ote: Statement must be comple	ted by an individual with	managerial and/or su	pervisory capacity.
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avid Schellstede			Date	
nt or Type Name				
- /			832-220-3202	
			Phone Number	er

Signature

Phone Number

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 os 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

Revised August 1, 2011 APPLICATION TYPE

Form C-107A

X\_\_Single Well Establish Pre-Approved Pools EXISTING WELLBORE \_\_X\_\_ Yes \_\_\_\_No

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC	11757 Ka	ty Fwy. Ste. 1000, Houston, TX 77079	
Operator		Address	
C T Bates	4	N-10-26S-37E	Lea
Lease	Well No.	Unit Letter-Section-Township-Range	County
Dease			•

326914 329326 30-025-34404 State Property Code API No. Lease Type: Federal OGRID No. **UPPER ZONE** INTERMEDIATE ZONE LOWER ZONE **DATA ELEMENT** Langlie Mattix Rhodes Pool Name 83810 37240 Pool Code 3,290' - 3,635' 2,795 - 3,290Top and Bottom of Pay Section (Perforated or Open-Hole Interval) Artificial Lift Method of Production Artificial Lift (Flowing or 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 35.0API / 1.226 BTU 35.0 API / 1.226 BTU (Degree API or Gas BTU) Producing, Shut-In or Producing **Producing** New Zone Date and Oil/Gas/Water Rates of See Attached See Attached Last Production. Date: (Note: For new zones with no production history, Date: Date: applicant shall be required to attach production Rates: estimates and supporting data.) Rates: Rates: Oil Gas Oil Gas Oil Gas Fixed Allocation Percentage than current or past production, supporting data or % 73 0 % 27 % % 100 % % explanation will be required.)

### 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:				
Attachmentor				

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.

 ,		
7 77		1

TITLE Engineering Tech DATE 1/24/21 SIGNATURE MBates

E-MAIL ADDRESS Marshall @ FAEnergy us, com

TYPE OR PRINT NAME Marshall Bates

TELEPHONE NO. (832) 241 - 8080

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# fae I Toperating

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:

C T Bates #004: API 30-025-34404

Rhodes Pool: 83810 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 operating

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 Rhodes and Langlie Mattix Pools for the C T Bates #4 well located in Sec. 10, T-26S, 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 Rhodes and Langlie Mattix Pools for its C T Bates #4 well located in Unit Letter N, Section 10, T-26S, R-37E, 660 feet FSL and 2,145 feet FWL, as shown in the attached C-102's for each zone.

The C T Bates #4 is currently open to the Yates-Seven Rivers interval, which translates to the RHODES pool [Pool ID: 83810]. 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 C T Bates #4 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, five (5) surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the C T Bates #4 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 C T Bates #4 proved that an IP of 4.7 BOPD and 42.3 MCFPD is the expected total, and of that, 4.7 BOPD and 30.9 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 11.4 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.

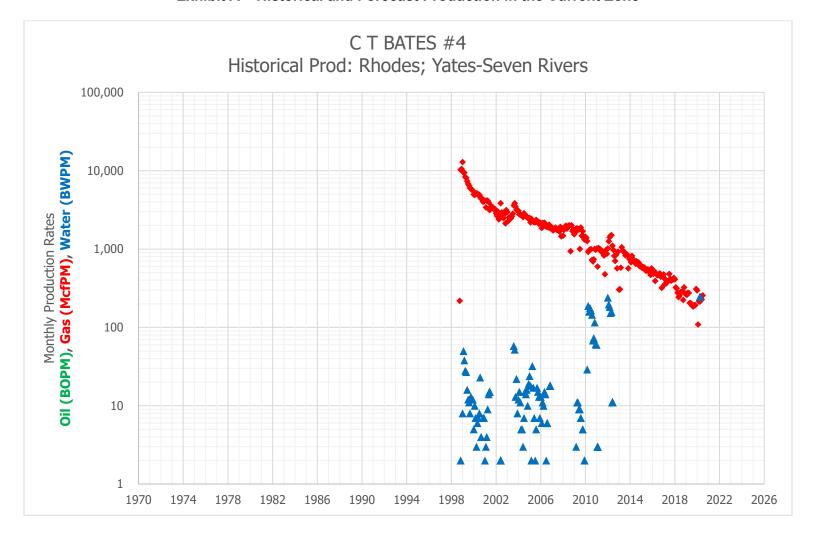
Very truly yours,

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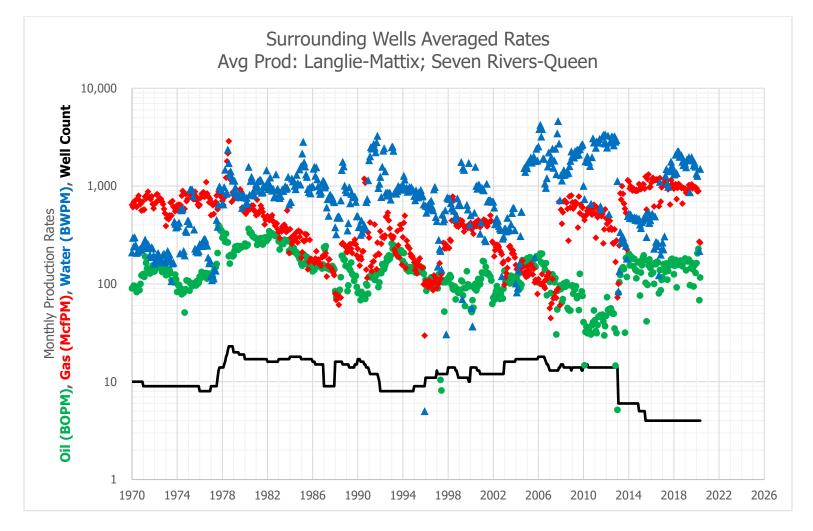
# fae∏operating

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



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Exhibit B – Historical Average Production in the Proposed Zone



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

	-	-	raged Rates en Rivers-Qu	een	Historical	C T B	es; Yates-Se	ven Rivers	Synthetic Decline Curve			e
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 Wate (BWPM)
1/1/2015	76	938	404	5	1/1/2015	(20,	588	(2	1	144.0	1,287	1,136
2/1/2015	130	928	372	5	2/1/2015		576		2	143.3	1,284	1,132
3/1/2015	155	990	428	5	3/1/2015		588		3	142.6	1,280	1,129
4/1/2015	185	1,038	446	5	4/1/2015		585		4	141.9	1,277	1,125
5/1/2015	195	1,038	470	5	5/1/2015		573		5	141.2	1,274	1,121
6/1/2015	175	940	464	5	6/1/2015		528		6	140.6	1,271	1,117
7/1/2015	103	1,243 576	507 301	4	7/1/2015		537 551		7	139.9	1,268	1,114
8/1/2015 9/1/2015	98	1,178	474	4	8/1/2015 9/1/2015		522		9	139.2 138.5	1,264 1,261	1,110 1,106
10/1/2015	155	1,312	543	4	10/1/2015		504		10	137.9	1,258	1,103
11/1/2015	178	970	419	4	11/1/2015		467		11	137.2	1,255	1,099
12/1/2015	145	977	447	4	12/1/2015		567		12	136.6	1,252	1,096
1/1/2016	126	1,083	498	4	1/1/2016		525		13	135.9	1,249	1,092
2/1/2016	156	1,201	521	4	2/1/2016		484		14	135.3	1,246	1,088
3/1/2016	131	1,208	498	4	3/1/2016		518		15	134.6	1,242	1,085
4/1/2016	100	618	229	4	4/1/2016		392		16	134.0	1,239	1,081
5/1/2016	163	1,143	490	4	5/1/2016		483		17	133.3	1,236	1,078
6/1/2016	159	1,162	269	4	6/1/2016		466		18	132.7	1,233	1,074
7/1/2016 8/1/2016	168 166	1,170 1,124	243 262	4	7/1/2016 8/1/2016		468 481		19 20	132.1 131.4	1,230 1,227	1,071 1,067
9/1/2016	80	620	122	4	9/1/2016		481		20	130.8	1,227	1,064
10/1/2016	138	1,210	1,106	4	10/1/2016		442		22	130.2	1,224	1,060
11/1/2016	86	693	199	4	11/1/2016		320		23	129.6	1,218	1,057
12/1/2016	110	968	226	4	12/1/2016		447		24	128.9	1,215	1,053
1/1/2017	117	1,042	265	4	1/1/2017		475		25	128.3	1,212	1,050
2/1/2017	159	1,011	226	4	2/1/2017		354		26	127.7	1,209	1,046
3/1/2017	140	1,163	306	4	3/1/2017		409		27	127.1	1,206	1,043
4/1/2017	133	1,048	1,279	4	4/1/2017		366		28	126.5	1,203	1,039
5/1/2017	162	1,128	1,494	4	5/1/2017		388		29	125.9	1,200	1,036
6/1/2017	110	980	1,073	4	6/1/2017		392		30	125.3	1,197	1,033
7/1/2017	136	923	981	4	7/1/2017		482		31	124.7	1,194	1,029
8/1/2017	156	953	1,416	4	8/1/2017		416		32	124.1	1,191	1,026
9/1/2017 10/1/2017	156 177	646 1,151	1,432 1,773	4	9/1/2017 10/1/2017		396 406		33 34	123.5 122.9	1,188 1,185	1,022 1,019
11/1/2017	180	1,044	1,615	4	11/1/2017		406		35	122.3	1,183	1,016
12/1/2017	155	1,040	1,516	4	12/1/2017		429		36	121.7	1,179	1,012
1/1/2018	125	939	1,313	4	1/1/2018		411		37	121.2	1,176	1,009
2/1/2018	153	989	1,332	4	2/1/2018		325		38	120.6	1,173	1,006
3/1/2018	176	1,042	2,096	4	3/1/2018		316		39	120.0	1,170	1,002
4/1/2018	92	736	1,358	4	4/1/2018		278		40	119.4	1,167	999
5/1/2018	159	958	2,262	4	5/1/2018		243		41	118.9	1,164	996
6/1/2018	156	1,050	2,262	4	6/1/2018		254		42	118.3	1,161	993
7/1/2018	166	1,010	1,990	4	7/1/2018		280		43	117.7	1,158	989
8/1/2018	173	1,009	2,077	4	8/1/2018		284		44	117.2	1,156	986
9/1/2018 10/1/2018	170 151	952 661	2,067	4	9/1/2018 10/1/2018		287 224		45 46	116.6 116.0	1,153 1,150	983
11/1/2018	171	957	1,773 1,638	4	11/1/2018		325		46	115.5	1,150	980
12/1/2018	168	940	1,793	4	12/1/2018		270		48	114.9	1,147	973
1/1/2019	182	938	1,696	4	1/1/2019		270		49	114.4	1,141	970
2/1/2019	137	851	1,555	4	2/1/2019		260		50	113.8	1,138	967
3/1/2019	170	857	1,867	4	3/1/2019		275		51	113.3	1,136	964
4/1/2019	170	871	1,840	4	4/1/2019		275		52	112.7	1,133	960
5/1/2019	177	1,024	1,968	4	5/1/2019		205		53	112.2	1,130	957
6/1/2019	97	961	864	4	6/1/2019		205		54	111.7	1,127	954
7/1/2019	145	1,021	1,826	4	7/1/2019		199		55	111.1	1,124	951
8/1/2019	164	1,041	1,975	4	8/1/2019		187		56	110.6	1,121	948
9/1/2019	141	947	1,837	4	9/1/2019		185		57	110.1	1,119	945
10/1/2019	94	982	1,618	4	10/1/2019		192		58	109.6	1,116	942
11/1/2019	155 129	966	1,732 1,580	4	11/1/2019		192 309		59 60	109.0	1,113	939
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3/1/2020	205	889	1,270	4	3/1/2020		214	-				
4/1/2020	68	270	217	4	4/1/2020		214	247				
5/1/2020	116	263	1,498	4	5/1/2020		237					
			· · · · · ·	1	6/1/2020		227					

# fae∏operating

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

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Rhodes	Yates-Seven Rivers	0.0	11.4	0.1
Langlie Mattix	Seven Rivers-Queen	4.7	30.9	37.2
	Total	4.7	42.3	37.4
Rhodes	Yates-Seven Rivers	0%	27%	0%
Langlie Mattix	Seven Rivers-Queen	100%	73%	100%
	Total (%)	100%	100%	100%

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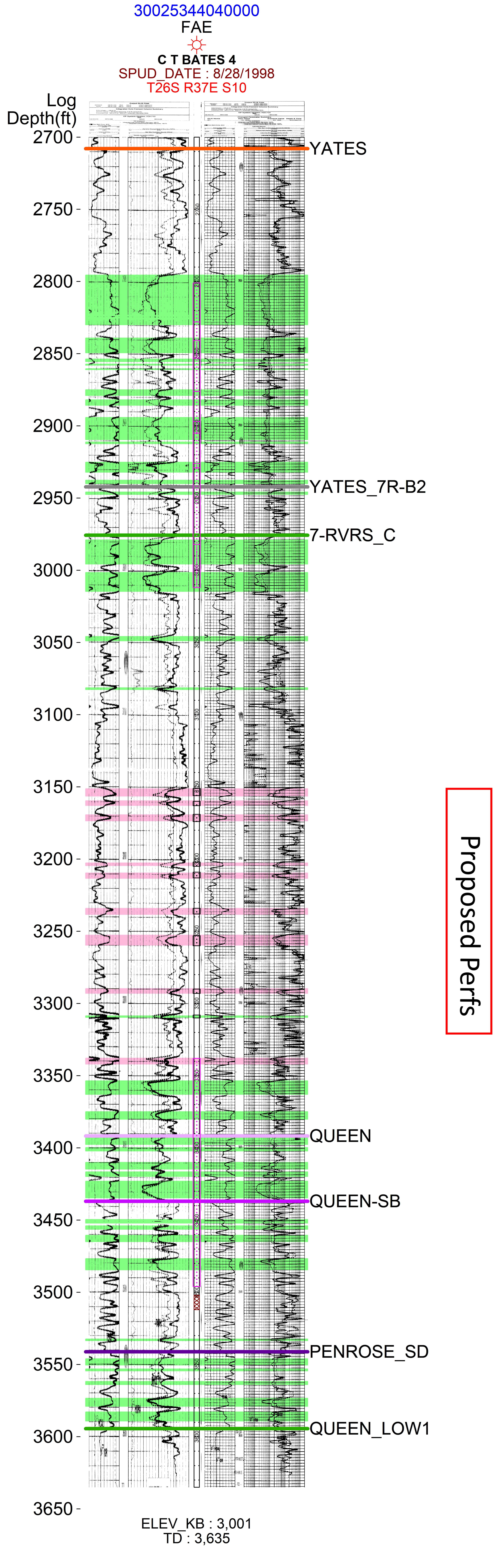
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Released to Imaging: 2/5/2021 1:32:07 PM

Received by OCD: 1/25/2021 9:58:27 AM

Engineer, OCD, EMNRD

To:

Marshall Bates
McClure, Dean, EMNRD; Bratcher, Mike, EMNRD; Kautz, Paul, EMNRD; lisa@nwbyram.com
Approved Administrative Order DHC-5117 Cc:

Subject: Friday, February 5, 2021 1:16:37 PM

Attachments: DHC5117 Order.pdf

NMOCD has issued Administrative Order DHC-5117 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their C T Bates #4 well (30-025-34404).

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-5117			
	Operator:	FAE II Operating, LLC (329326)			
	Well Name:	C T Bates #4			
	Well API:	30-025-34404			
	Pool Name:	RHODES;YATES-SEVEN RIVERS (GAS)			
Ummau Zama	Pool ID:	83810 Current:	X	New:	
Upper Zone	Allocation:	Fixed Percent Oil:	0%	Gas:	27%
	Interval:	Perforations Top:	2,795	Bottom:	3,290
	Pool Name:				
Intermediate	Pool ID:	Current:		New:	
Zone	Allocation:	Oil:		Gas:	
	Interval:	Тор:		Bottom:	
		Bottom of Interval within 150% of Upper Zone's Top of			
		Interval:			
	Pool Name:	LEONARD;QUEEN, SOUTH			
Lower Zone	Pool ID:	38760 Current:		New:	X
Lower Zone	Allocation:	Fixed Percent Oil:	100%	Gas:	73%
	Interval:	Perforations Top:	3,290	Bottom:	3,635
		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-5117** 

#### **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 ("Operator") 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. Operator 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. Operator has certified that all produced fluids from all the Pools are compatible with each other.
- 4. Operator 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, Operator 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, Operator 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. Operator 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 Operator 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 Operator has provided evidence that the

Order No. DHC-5117 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. Operator'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, Operator 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. Operator is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
- 2. This Order supersedes Order DHC-4259.
- 3. Operator shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
- 4. 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.
- 5. 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 Operator shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Operator 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.
- 6. 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

RML	DATE:	2/05/2021	
ADRIENNE SANDOVAL			

AS/dm

Order No. DHC-5117 Page 2 of 2

DIRECTOR

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

### **Exhibit A**

Order: DHC-5117

Operator: FAE II Operating, LLC (329326)

Well Name: CT Bates #4 Well API: 30-025-34404

Pool ID: 83810

**Pool Name:** 

Pool Name: RHODES;YATES-SEVEN RIVERS (GAS)

Current: X New: **Upper Zone Allocation: Fixed Percent** Oil: 0% Gas: 27%

**Interval: Perforations** 

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: LEONARD; QUEEN, SOUTH

Pool ID: 38760 **Current:** New: X **Lower Zone Allocation: Fixed Percent** Oil: 100% Gas: 73%

> **Interval: Perforations** Top: 3,290 **Bottom: 3,635**

Top: 2,795

**Bottom: 3,290** 

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 15518

#### **CONDITIONS OF APPROVAL**

Operator:			OGRID:	Action Number:	Action Type:
FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	329326	15518	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.	