

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: FAE II Operating, LLC **OGRID Number:** 329326
Well Name: Winningham #001 **API:** 30-025-11842
Pool: Jalmat **Pool Code:** 79240

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	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

David Schellstede
 Print or Type Name

1/12/2021
 Date

832-220-3202
 Phone Number

Signature

David@FAEnergyus.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC

11757 Katy Fwy. Ste. 1000, Houston, TX 77079

Operator **Winningham** Address **C-30-25S-37E** **Lea**
Lease **329326** Well No. **326422** Unit Letter-Section-Township-Range **30-025-11842** County **X**
OGRID No. _____ Property Code _____ API No. _____ Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>Jalmat</i>		<i>Langlie Mattix</i>
Pool Code	<i>79240</i>		<i>37240</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<i>2,622 - 3,360'</i>		<i>3,360' - 3,500'</i>
Method of Production (Flowing or Artificial Lift)	<i>Artificial Lift</i>		<i>Artificial Lift</i>
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)</small>			
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	<i>35.0 API / 1.133 BTU</i>		<i>35.0 API / 1.133 BTU</i>
Producing, Shut-In or New Zone	<i>New Zone</i>		<i>New Zone</i>
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	<i>See Attached</i> Date: Rates:	Date: Rates:	<i>See Attached</i> Date: Rates:
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil <i>0 %</i> Gas <i>6 %</i>	Oil <i>%</i> Gas <i>%</i>	Oil <i>100 %</i> Gas <i>94 %</i>

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No _____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes _____ No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____

NMOCD Reference Case No. applicable to this well: _____

Attachments:

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

PRE-APPROVED POOLS

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

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

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

SIGNATURE MBates TITLE Engineering Tech DATE 2/11/2021

TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 241-8080

E-MAIL ADDRESS Marshall@FAEnergyus.com

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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: Winningham #001: API 30-025-11842
 Jalmat Pool
 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 II Operating

February 10, 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 Winningham #1 well located in Sec. 30, 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 Winningham #1 well located in Unit Letter C, Section 30, T-25S, R-37E, 1,980 feet FNL and 1,980 feet FEL, as shown in the attached C-102's for each zone.

The Winningham #1 is currently shut in to the Yates-Seven Rivers interval, which translates to the JALMAT pool [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 Winningham #1 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, four (4) surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the Winningham #1 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 Winningham #1 proved that an IP of 3.3 BOPD and 69.8 MCFPD is the expected total, and of that, 3.3 BOPD and 65.8 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 4.0 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.

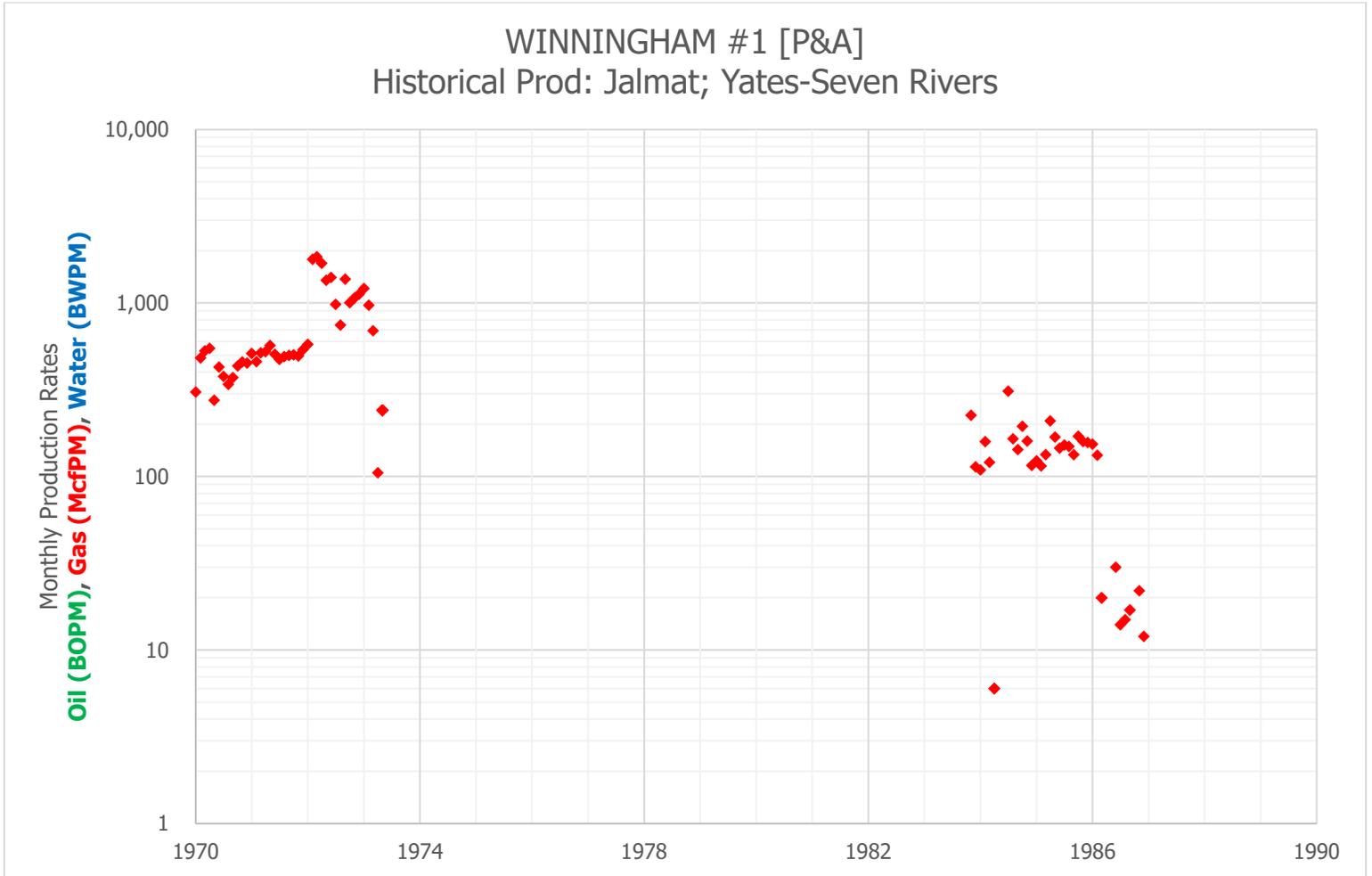
Very truly yours,



FAE II Operating, LLC

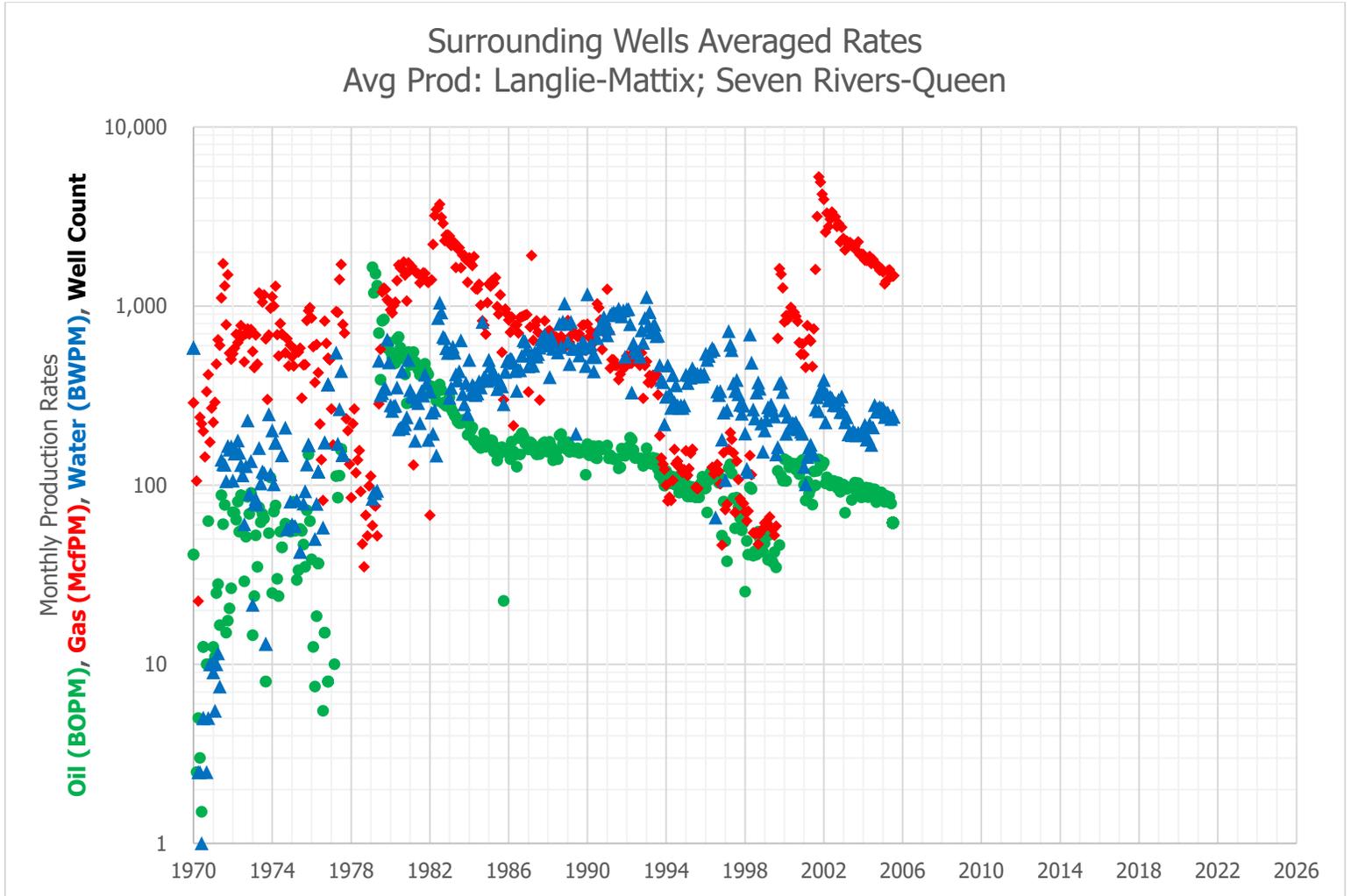
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Exhibit A – Historical and Forecast Production in the Current Zone



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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 Avg Prod: Langlie-Mattix; Seven Rivers-Queen					WINNINGHAM #1 [P&A] Historical Prod: Jalmat; Yates-Seven Rivers				Synthetic Decline Curve			
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1/1/2000	139	815	262	4	1/1/2000	-	-	-	1	99.2	2,122	233
2/1/2000	106	884	193	4	2/1/2000	-	-	-	2	98.7	2,117	233
3/1/2000	136	837	241	4	3/1/2000	-	-	-	3	98.2	2,112	232
4/1/2000	126	898	207	4	4/1/2000	-	-	-	4	97.8	2,107	231
5/1/2000	129	981	214	4	5/1/2000	-	-	-	5	97.3	2,101	230
6/1/2000	132	912	222	4	6/1/2000	-	-	-	6	96.8	2,096	230
7/1/2000	131	921	220	4	7/1/2000	-	-	-	7	96.4	2,091	229
8/1/2000	122	875	224	4	8/1/2000	-	-	-	8	95.9	2,086	228
9/1/2000	132	821	205	4	9/1/2000	-	-	-	9	95.5	2,080	227
10/1/2000	115	625	208	4	10/1/2000	-	-	-	10	95.0	2,075	227
11/1/2000	133	538	198	4	11/1/2000	-	-	-	11	94.6	2,070	226
12/1/2000	138	614	193	4	12/1/2000	-	-	-	12	94.1	2,065	225
1/1/2001	101	536	126	5	1/1/2001	-	-	-	13	93.7	2,060	224
2/1/2001	82	455	101	5	2/1/2001	-	-	-	14	93.2	2,055	224
3/1/2001	105	778	144	5	3/1/2001	-	-	-	15	92.8	2,049	223
4/1/2001	90	651	162	5	4/1/2001	-	-	-	16	92.3	2,044	222
5/1/2001	95	636	168	5	5/1/2001	-	-	-	17	91.9	2,039	221
6/1/2001	78	460	152	5	6/1/2001	-	-	-	18	91.4	2,034	221
7/1/2001	119	745	148	5	7/1/2001	-	-	-	19	91.0	2,029	220
8/1/2001	100	1,598	264	4	8/1/2001	-	-	-	20	90.6	2,024	219
9/1/2001	120	3,166	310	4	9/1/2001	-	-	-	21	90.1	2,019	219
10/1/2001	139	5,259	259	4	10/1/2001	-	-	-	22	89.7	2,014	218
11/1/2001	128	4,922	327	3	11/1/2001	-	-	-	23	89.3	2,009	217
12/1/2001	128	4,205	354	3	12/1/2001	-	-	-	24	88.8	2,004	216
1/1/2002	134	3,933	387	3	1/1/2002	-	-	-	25	88.4	1,999	216
2/1/2002	102	2,590	224	3	2/1/2002	-	-	-	26	88.0	1,994	215
3/1/2002	111	3,301	322	3	3/1/2002	-	-	-	27	87.6	1,989	214
4/1/2002	104	2,783	298	3	4/1/2002	-	-	-	28	87.2	1,984	214
5/1/2002	100	3,051	312	3	5/1/2002	-	-	-	29	86.7	1,979	213
6/1/2002	105	3,344	306	3	6/1/2002	-	-	-	30	86.3	1,974	212
7/1/2002	106	3,158	280	3	7/1/2002	-	-	-	31	85.9	1,969	211
8/1/2002	104	3,146	288	3	8/1/2002	-	-	-	32	85.5	1,964	211
9/1/2002	97	2,778	279	3	9/1/2002	-	-	-	33	85.1	1,959	210
10/1/2002	104	2,885	300	3	10/1/2002	-	-	-	34	84.7	1,954	209
11/1/2002	92	2,277	256	3	11/1/2002	-	-	-	35	84.3	1,949	209
12/1/2002	100	2,749	313	3	12/1/2002	-	-	-	36	83.9	1,945	208
1/1/2003	101	2,384	256	3	1/1/2003	-	-	-	37	83.5	1,940	207
2/1/2003	70	2,059	224	3	2/1/2003	-	-	-	38	83.1	1,935	207
3/1/2003	95	2,301	239	3	3/1/2003	-	-	-	39	82.7	1,930	206
4/1/2003	97	2,202	192	3	4/1/2003	-	-	-	40	82.3	1,925	205
5/1/2003	97	2,261	196	3	5/1/2003	-	-	-	41	81.9	1,920	205
6/1/2003	83	2,167	190	3	6/1/2003	-	-	-	42	81.5	1,916	204
7/1/2003	98	2,183	200	3	7/1/2003	-	-	-	43	81.1	1,911	203
8/1/2003	103	2,153	196	3	8/1/2003	-	-	-	44	80.7	1,906	203
9/1/2003	92	2,040	189	3	9/1/2003	-	-	-	45	80.3	1,901	202
10/1/2003	103	2,280	196	3	10/1/2003	-	-	-	46	80.0	1,897	201
11/1/2003	98	1,935	190	3	11/1/2003	-	-	-	47	79.6	1,892	201
12/1/2003	85	1,946	193	3	12/1/2003	-	-	-	48	79.2	1,887	200
1/1/2004	96	1,941	204	3	1/1/2004	-	-	-	49	78.8	1,882	199
2/1/2004	96	1,800	217	3	2/1/2004	-	-	-	50	78.4	1,878	199
3/1/2004	97	1,800	180	3	3/1/2004	-	-	-	51	78.1	1,873	198
4/1/2004	86	1,822	182	3	4/1/2004	-	-	-	52	77.7	1,868	197
5/1/2004	96	1,894	219	3	5/1/2004	-	-	-	53	77.3	1,864	197
6/1/2004	89	1,722	167	3	6/1/2004	-	-	-	54	76.9	1,859	196
7/1/2004	88	1,820	210	3	7/1/2004	-	-	-	55	76.6	1,854	195
8/1/2004	95	1,744	280	3	8/1/2004	-	-	-	56	76.2	1,850	195
9/1/2004	80	1,680	256	3	9/1/2004	-	-	-	57	75.8	1,845	194
10/1/2004	90	1,682	267	3	10/1/2004	-	-	-	58	75.5	1,841	193
11/1/2004	89	1,580	273	3	11/1/2004	-	-	-	59	75.1	1,836	193
12/1/2004	91	1,615	269	3	12/1/2004	-	-	-	60	74.8	1,831	192
1/1/2005	86	1,550	269	3	1/1/2005	-	-	-				
2/1/2005	81	1,326	240	3	2/1/2005	-	-	-				
3/1/2005	87	1,377	254	3	3/1/2005	-	-	-				
4/1/2005	83	1,573	254	3	4/1/2005	-	-	-				
5/1/2005	86	1,593	242	3	5/1/2005	-	-	-				
6/1/2005	79	1,503	234	3	6/1/2005	-	-	-				

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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	0.0	4.0	0.0
Langlie Mattix	Seven Rivers-Queen	3.3	65.8	7.7
	Total	3.3	69.8	7.7
Jalmat	Yates-Seven Rivers	0%	6%	0%
Langlie Mattix	Seven Rivers-Queen	100%	94%	100
	Total (%)	100%	100%	100%

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form E-102
Supersedes E-120
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator FAE II Operating, LLC	Lease Winningham	Well No. 9 1
Well Letter B C	Section 30	Township T-25-S
	Range R-37-E	County Lea

1980 **660** feet from the **North** line and **1980** feet from the **East** line

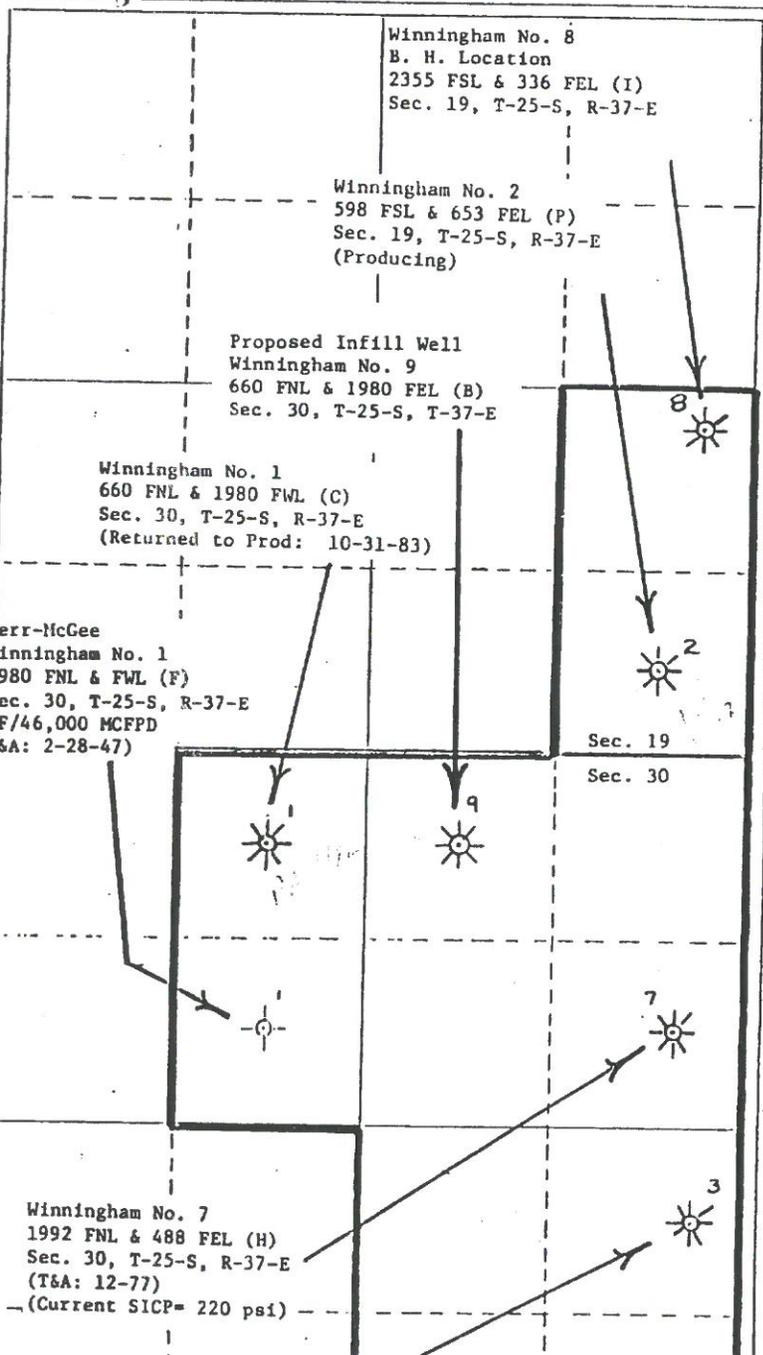
Sound Level Elev. 3027.0	Producing Formation Yates-Seven Rivers	Pool Jalmit (Gas)	Estimated Acreage 480
------------------------------------	--	-----------------------------	---------------------------------

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

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

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

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



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

Name **Marshall Bates**
Michelle Hembree
Position **Engineering Tech**
Administrative Assistant
Company **FAE II Operating**
Doyle Hartman
Date **Feb. 12, 2021**
July 12, 1984

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

Date Surveyed _____
Registered Professional Engineer or/and Land Surveyor _____

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

Name _____
Position _____
Company _____
Date _____

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

N MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-119
Supersedes C-120
Effective 1-1-85

All distances must be from the outer boundaries of the Section

Lessee FAE II Operating, LLC		Lease Winningham		Well No. 9-1
Well Letter B C	Section 30	Township T-25-S	Range R-37-E	County Lea

Actual Existing Location of Well:
1980 **660** feet from the North line and 1980 feet from the East line

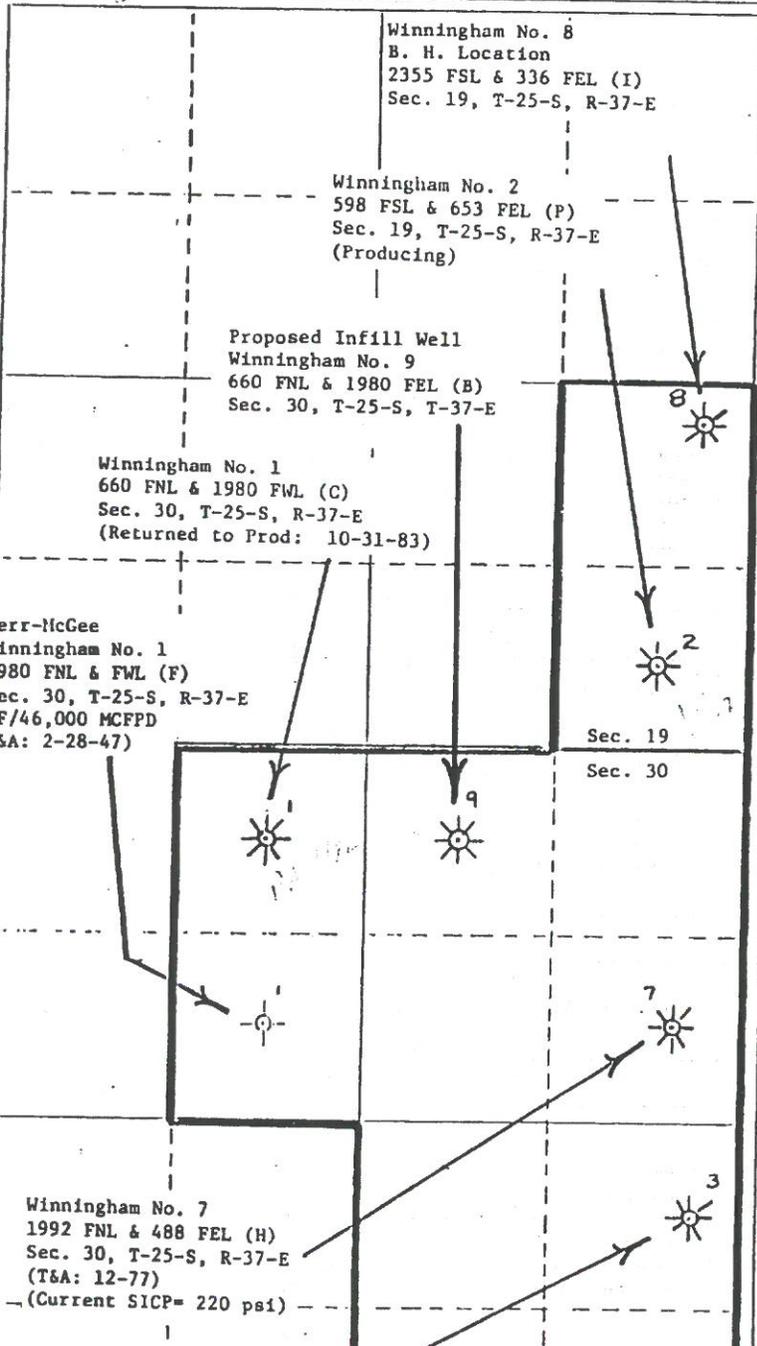
Ground Level Elev. 3027.0	Producing Formation Yates-Seven Rivers - Queen	Depth Jalmat (Gas) Langlie Matrix	Initial Arden pr. 480
-------------------------------------	--	---	---------------------------------

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

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

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

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



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

Michelle Hembree
Name **Marshall Bates**
Michelle Hembree
Position **Engineering Tech**
Administrative Assistant
Company **FAE II Operating**
Doyle Hartman
Date **July 12, 1984** **Feb. 12, 2021**

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

Date Surveyed _____
Registered Professional Engineer
under Land Surveyor _____

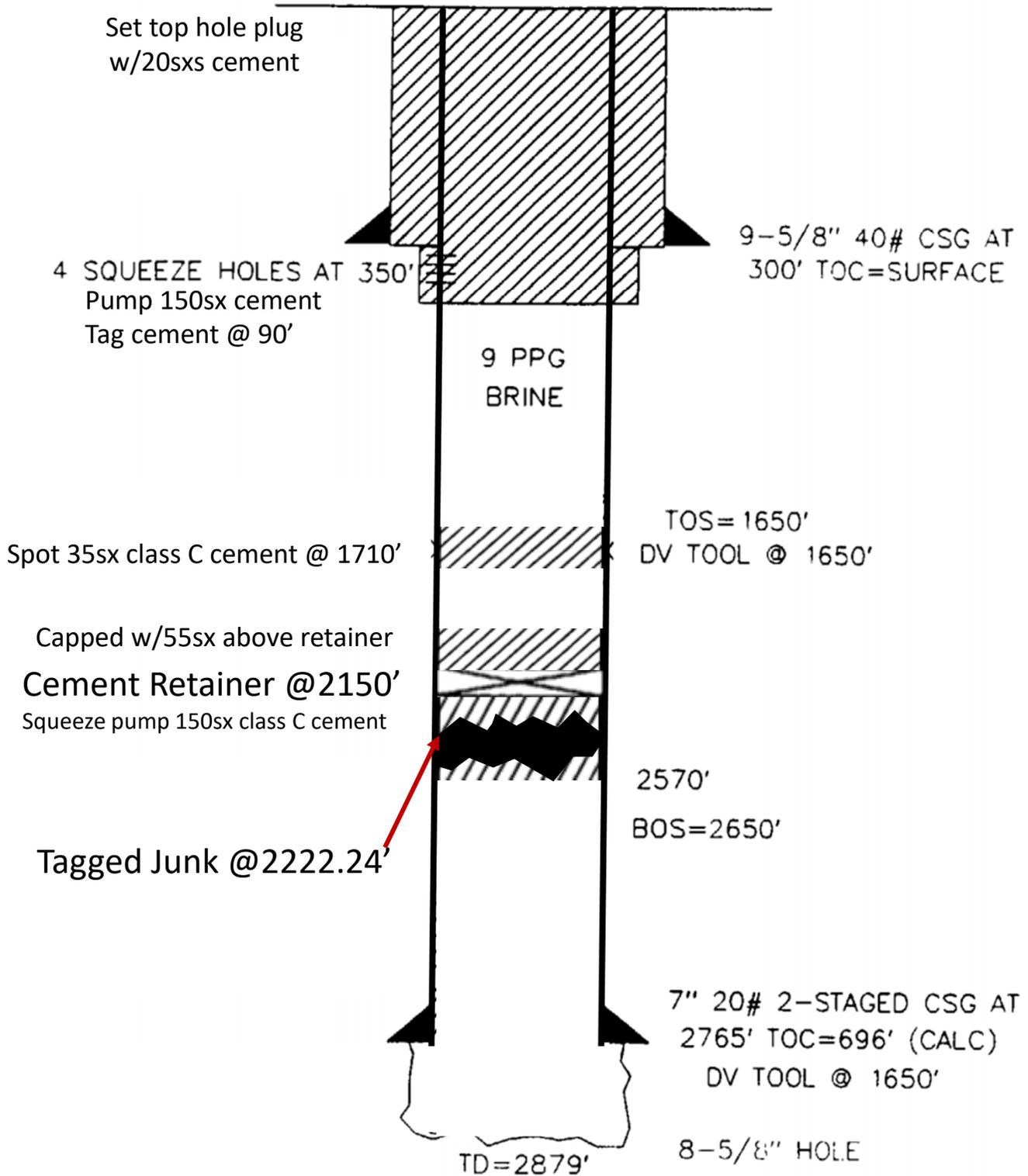
CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name _____
Position _____
Company _____
Date _____

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

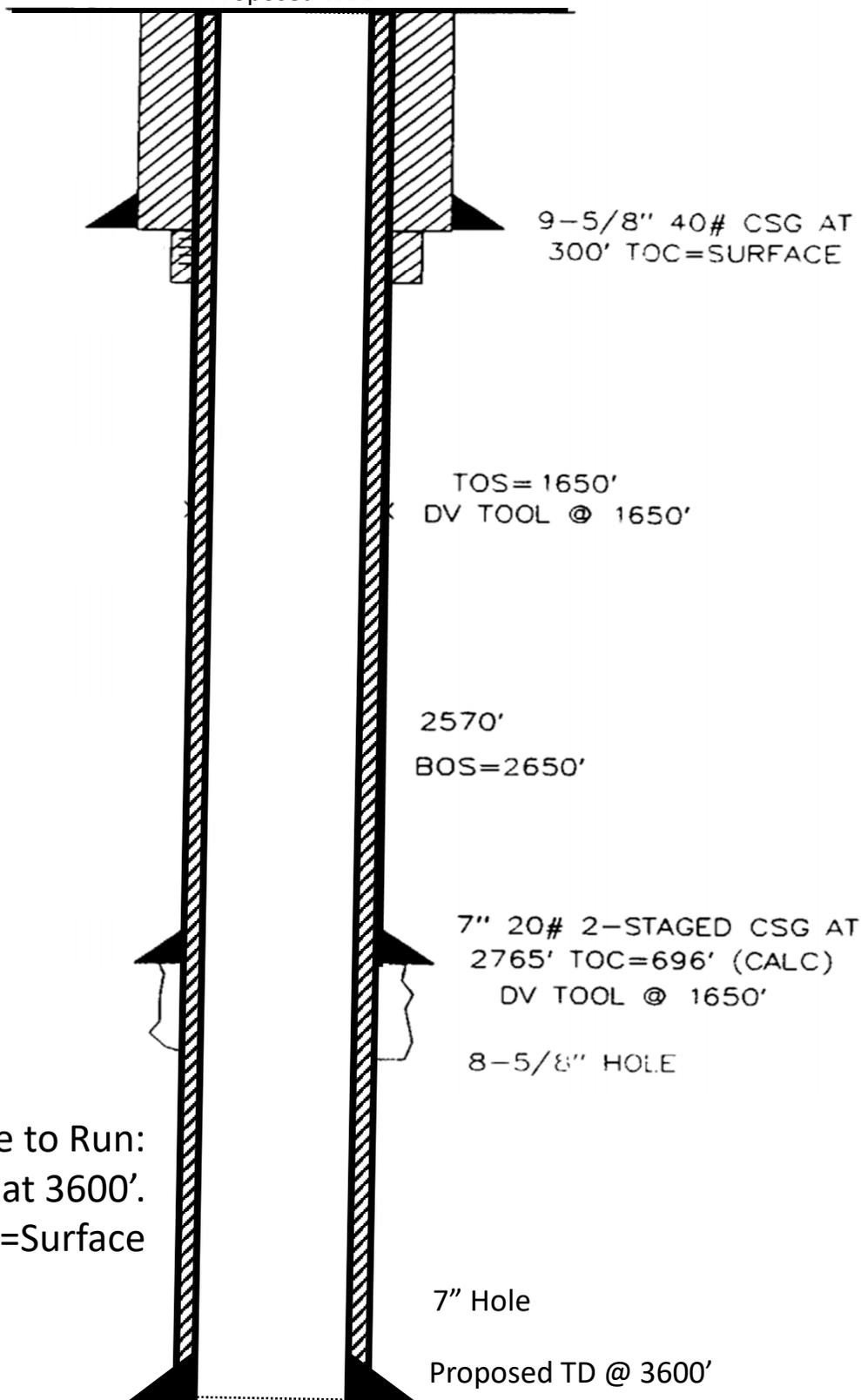
1/21/2021
Current

WINNINGHAM #1
JALMAT (GAS) FIELD
LEA COUNTY, NEW MEXICO
CONDITION AFTER P & A



1/21/2021

WINNINGHAM #1
API: 30-025-11842
Twn 25S Rge 37E Sec 30
660 FNL 1980 FWL
Proposed WBD



Propose to Run:
5-1/2" 15.5# csg at 3600'.
TOC=Surface

From: [Engineer, OCD, EMNRD](#)
To: [Marshall Bates](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); [lisa@nrbyram.com](#)
Subject: Approved Administrative Order DHC-5128
Date: Monday, February 22, 2021 4:37:56 PM
Attachments: [DHC5128 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5128 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Winningham #1 well (30-025-11842).

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-5128 Operator: FAE II Operating, LLC (329326) Well Name: Winningham #1 Well API: 30-025-11842				
Upper Zone	Pool Name:	JALMAT;TAN-YATES-7 RVRS (GAS)	Current:	X
	Pool ID:	79240	Oil:	0%
	Allocation:	Fixed Percent	Gas:	6%
	Interval:	Perforations	Top:	2,622
			Bottom:	3,360
Intermediate Zone	Pool Name:		Current:	
	Pool ID:		Oil:	
	Allocation:		Gas:	
	Interval:		Top:	
			Bottom:	
Bottom of Interval within 150% of Upper Zone's Top of Interval:				
Lower Zone	Pool Name:	LANGLIE MATTIX;7 RVRS-Q-GRAYBURG	Current:	
	Pool ID:	37240	Oil:	100%
	Allocation:	Fixed Percent	Gas:	94%
	Interval:	Perforations	Top:	3,360
			Bottom:	3,500
Bottom of Interval within 150% of Upper Zone's Top of Interval:				
			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-5128

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

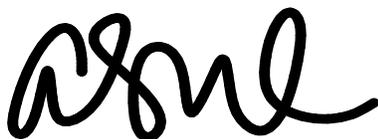
proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

- 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. 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.
- 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 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.
- 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: 2/22/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5128**

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

Well Name: **Winningham #1**

Well API: **30-025-11842**

Upper Zone	Pool Name: JALMAT;TAN-YATES-7 RVRS (GAS)	Current: X	New:
	Pool ID: 79240	Oil: 0%	Gas: 6%
	Allocation: Fixed Percent	Top: 2,622	Bottom: 3,360
	Interval: Perforations		

Intermediate Zone	Pool Name:	Current:	New:
	Pool ID:	Oil:	Gas:
	Allocation:	Top:	Bottom:
	Interval:		

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

Lower Zone	Pool Name: LANGLIE MATTIX;7 RVRS-Q-GRAYBURG	Current:	New: X
	Pool ID: 37240	Oil: 100%	Gas: 94%
	Allocation: Fixed Percent	Top: 3,360	Bottom: 3,500
	Interval: Perforations		

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

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 18017

CONDITIONS OF APPROVAL

Operator:	FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	OGRID:	329326	Action Number:	18017	Action Type:	C-107A
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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.