

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:** 326876
Well Name: Jack B 30 #001 **API:** 30-025-11284
Pool: Jalmat (Oil) **Pool Code:** 33820

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. ☐ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☒ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application
 Content
 Complete

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

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

David Schellstede

Print or Type Name

Date

12/10/2020832-220-3202

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 **Jack B 30** Address **H-30-24S-37E** **Lea**
Lease **329326** Well No. **326907** Unit Letter-Section-Township-Range **30-02S-11284** County **X**
OGRID No. _____ Property Code _____ API No. _____ Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat		Langlie Mattix
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3,358 – 3,425'		3,443' – 3,614'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	37 API / 1.387 BTU		37 API / 1.387 BTU
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	See Attached Date: Rates:	Date: Rates:	See Attached Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 5 % Gas 90 %	Oil % Gas %	Oil 95 % Gas 10 %

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 _____

NMOC 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 Jonathan Gatlin TITLE Project Analyst DATE 12/10/2020

TYPE OR PRINT NAME Jonathan Gatlin 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: Jack B 30 #001: API 30-025-11284
Jalmat Pool: 33820
Langlie Mattix Pool: 37240

Dear Mr. McClure:

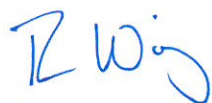
FAE II Operating LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed above.

If you have any questions, please feel free to contact the undersigned 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

A handwritten signature in blue ink, appearing to read "RWing".

Rebecca Wing
Land

faeIIoperating

December 10, 2020

VIA ONLINE FILING

Mr. Dean McClure
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application of FAE II Operating, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Langlie Mattix Pool for the Jack B 30 #001 well located in Sec. 30, T-24S, R-37E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for downhole commingling of oil and gas production from the Langlie Mattix Pool for its Jack B 30 #001 well located in Unit Letter H, Section 30, T-24S, R-37E, 1,650 feet FNL and 990 feet FEL, as shown in the attached C-102's for each zone.

Jack B 30 #001 is currently open to the Yates-Seven Rivers zone, which translates to the JALMAT; TAN-YATES-7 RVRS pool [Pool ID: 33820]. The production curve for this zone is shown in Exhibit A. To develop a production forecast, a decline curve was utilized based on the well's historical production within the zone.

The other zone that has production history in the Jack B 30 #001 is the Seven Rivers-Queen, which translates to the LANGLE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a production forecast, fourteen (14) surrounding wells with historical production from the Seven Rivers-Queen were used as an offset by taking the average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit B. From there, a decline curve was utilized based on the aforementioned historical production. Furthermore, Geology studied an Jack B 30 #001 log, Attachment A, and also correlated it with other logs in the surrounding area to help determine the location of the new perforations in the Seven Rivers-Queen zone for the Jack B 30 #001.

Overall, the forecast for the proposed downhole commingled production was formed by combining the forecasts for both zones, as shown in the Synthetic Decline Curve column of Exhibit D. This forecast for the Jack B 30 #001 proved that an IP of 2.6 BOPD and 48.1 MCFPD is the expected total, and of that, 2.4 BOPD and 4.5 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.1 BOPD and 43.7 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.

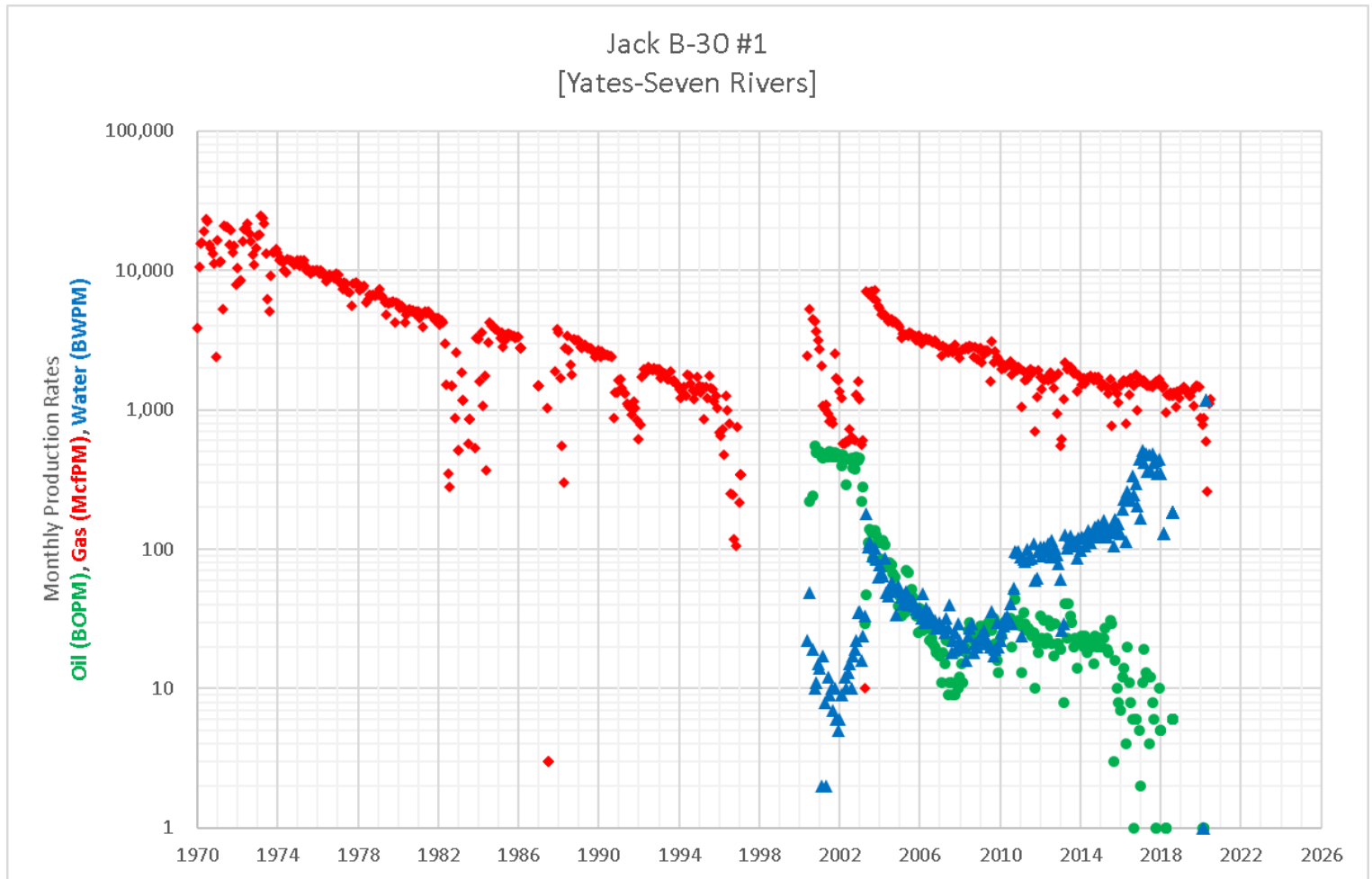
Very truly yours,



FAE II Operating, LLC

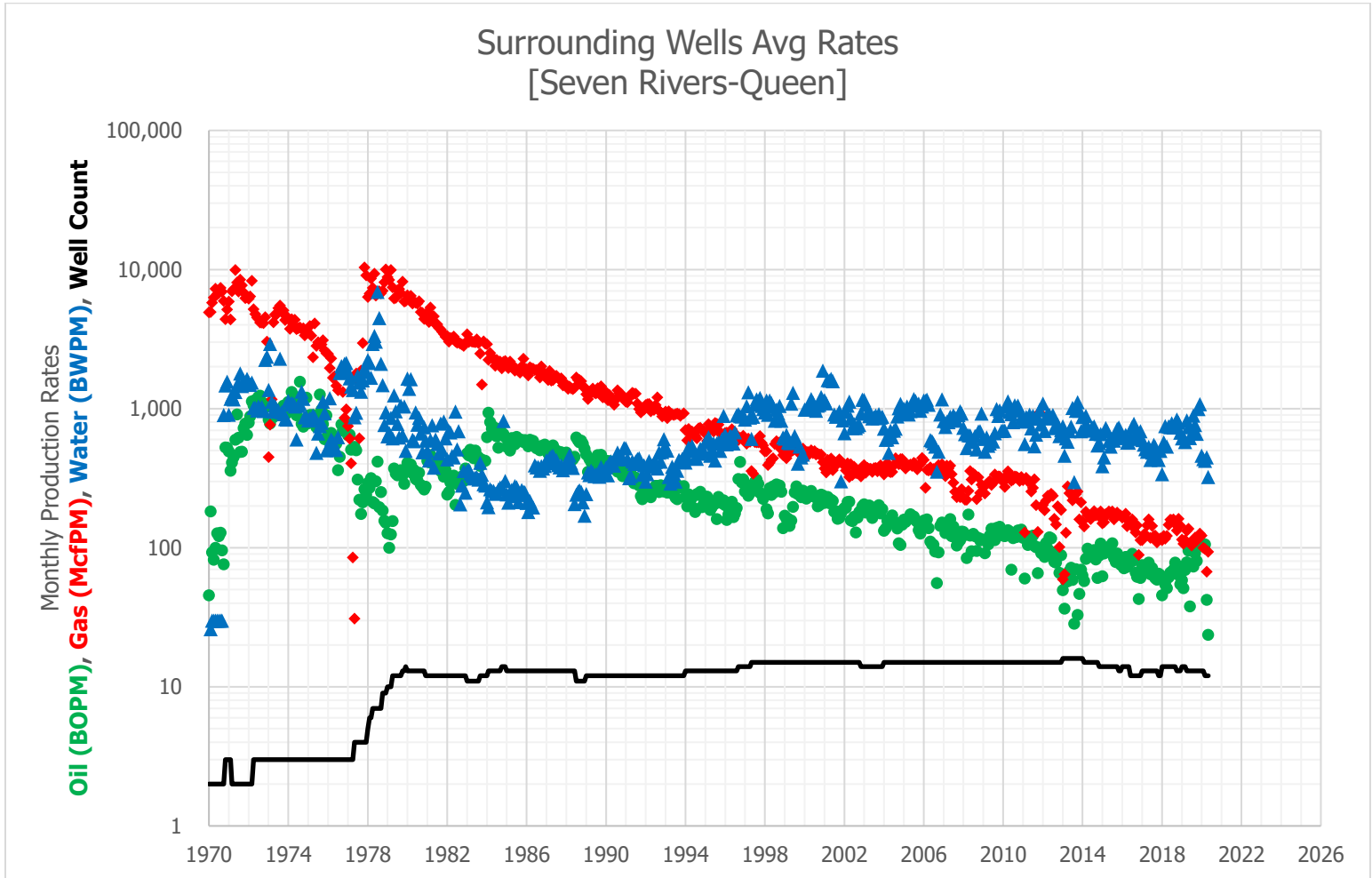
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Exhibit A – Historical Production in the Current Zone



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Exhibit B – Historical Average Production in the Proposed Zone



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Exhibit C – Historical Production and Decline Curve

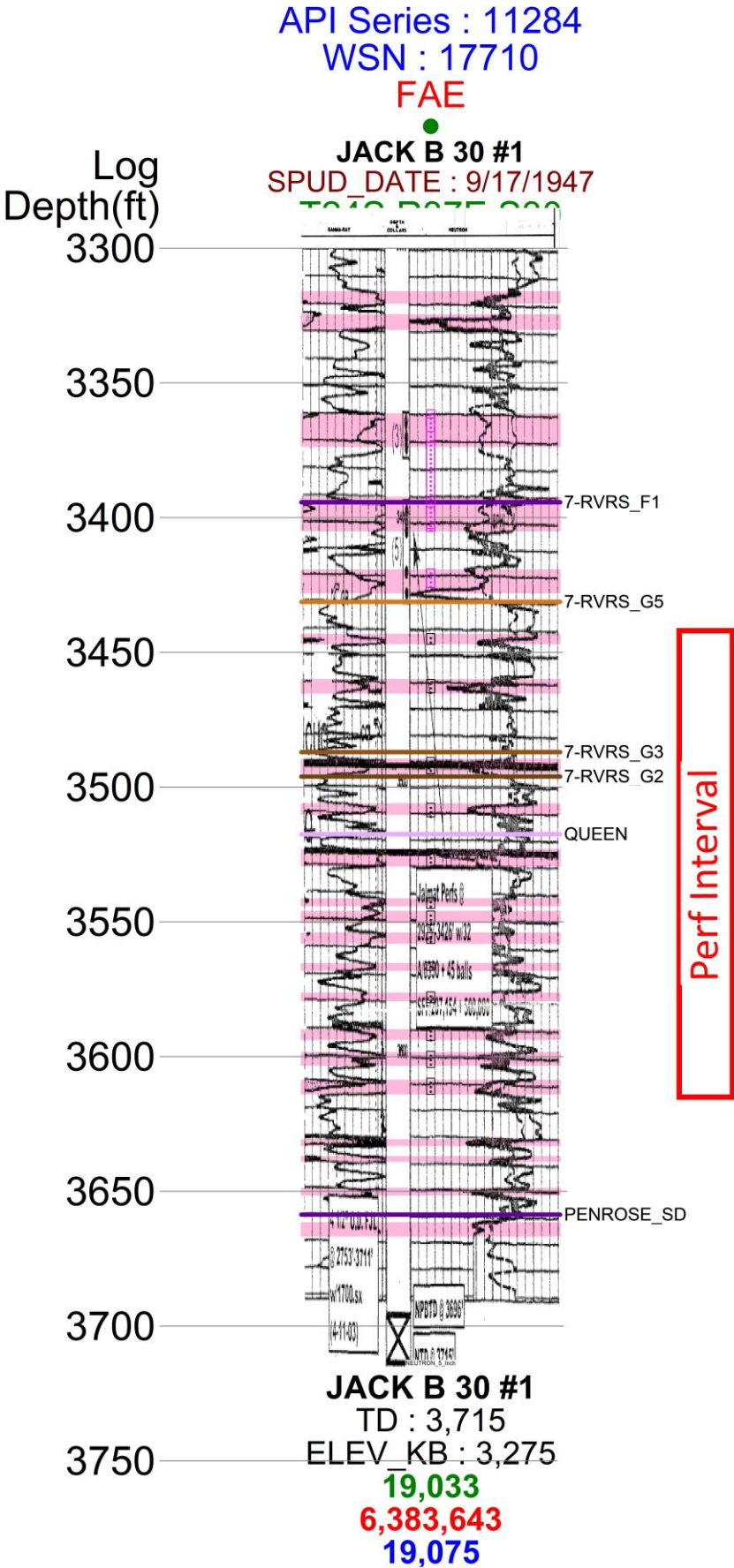
Surrounding Wells Averaged Rates					Jack B-30 #1				Synthetic Decline Curve			
Avg Prod: Seven Rivers-Queen					Historical Prod: Yates-Seven Rivers							
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1/1/2015	62	150	387	14	1/1/2015	23	1,605	141	1	78.3	1,464	796
2/1/2015	91	152	446	14	2/1/2015	20	1,456	122	2	77.9	1,460	793
3/1/2015	98	175	725	14	3/1/2015	23	1,525	162	3	77.6	1,456	791
4/1/2015	97	173	689	14	4/1/2015	27	1,493	145	4	77.2	1,453	788
5/1/2015	101	182	587	14	5/1/2015	19	1,455	122	5	76.8	1,449	786
6/1/2015	103	178	533	14	6/1/2015	18	1,314	133	6	76.4	1,445	783
7/1/2015	108	183	606	14	7/1/2015	31	1,646	132	7	76.1	1,442	780
8/1/2015	85	160	588	14	8/1/2015	29	772	142	8	75.7	1,438	778
9/1/2015	79	170	655	14	9/1/2015	3	1,440	106	9	75.4	1,435	775
10/1/2015	91	179	715	14	10/1/2015	16	1,481	165	10	75.0	1,431	773
11/1/2015	84	172	732	13	11/1/2015	10	1,301	132	11	74.6	1,427	770
12/1/2015	76	171	674	13	12/1/2015	8	1,135	152	12	74.3	1,424	768
1/1/2016	74	165	639	14	1/1/2016	7	1,498	129	13	73.9	1,420	765
2/1/2016	71	169	614	14	2/1/2016	12	1,585	194	14	73.6	1,417	763
3/1/2016	86	176	646	14	3/1/2016	14	1,632	227	15	73.2	1,413	760
4/1/2016	73	143	570	14	4/1/2016	4	789	113	16	72.9	1,410	758
5/1/2016	79	155	571	14	5/1/2016	20	1,557	260	17	72.5	1,406	755
6/1/2016	78	150	623	12	6/1/2016	11	1,277	236	18	72.2	1,403	753
7/1/2016	90	160	738	12	7/1/2016	8	1,678	224	19	71.8	1,399	750
8/1/2016	81	138	779	12	8/1/2016	6	1,533	334	20	71.5	1,396	748
9/1/2016	66	129	635	12	9/1/2016	1	1,480	244	21	71.1	1,392	745
10/1/2016	62	145	687	12	10/1/2016	6	1,773	294	22	70.8	1,389	743
11/1/2016	43	89	607	12	11/1/2016	-	987	205	23	70.5	1,385	740
12/1/2016	61	113	690	12	12/1/2016	5	1,584	441	24	70.1	1,382	738
1/1/2017	75	114	595	13	1/1/2017	2	1,671	168	25	69.8	1,378	736
2/1/2017	66	124	551	13	2/1/2017	11	1,556	513	26	69.5	1,375	733
3/1/2017	72	125	512	13	3/1/2017	19	1,620	417	27	69.1	1,372	731
4/1/2017	71	145	492	13	4/1/2017	13	1,501	485	28	68.8	1,368	728
5/1/2017	78	160	532	13	5/1/2017	12	1,495	362	29	68.5	1,365	726
6/1/2017	64	118	427	13	6/1/2017	4	1,475	480	30	68.1	1,361	724
7/1/2017	72	144	484	13	7/1/2017	12	1,487	366	31	67.8	1,358	721
8/1/2017	66	121	549	13	8/1/2017	8	1,449	483	32	67.5	1,354	719
9/1/2017	60	122	530	13	9/1/2017	6	1,545	421	33	67.2	1,351	716
10/1/2017	59	109	449	13	10/1/2017	1	1,611	438	34	66.8	1,348	714
11/1/2017	65	115	428	12	11/1/2017	-	1,554	349	35	66.5	1,344	712
12/1/2017	64	117	498	12	12/1/2017	10	1,660	440	36	66.2	1,341	709
1/1/2018	46	113	338	14	1/1/2018	5	1,559	349	37	65.9	1,338	707
2/1/2018	58	122	573	14	2/1/2018	-	1,429	-	38	65.6	1,334	705
3/1/2018	54	116	749	14	3/1/2018	-	1,486	130	39	65.3	1,331	702
4/1/2018	51	122	533	14	4/1/2018	1	956	-	40	65.0	1,328	700
5/1/2018	61	147	747	14	5/1/2018	-	1,293	-	41	64.6	1,324	698
6/1/2018	66	159	736	14	6/1/2018	-	1,260	-	42	64.3	1,321	696
7/1/2018	66	158	786	14	7/1/2018	-	1,322	-	43	64.0	1,318	693
8/1/2018	70	160	733	14	8/1/2018	6	1,262	182	44	63.7	1,314	691
9/1/2018	78	148	780	14	9/1/2018	-	1,321	-	45	63.4	1,311	689
10/1/2018	64	133	835	13	10/1/2018	-	1,042	-	46	63.1	1,308	686
11/1/2018	73	161	791	13	11/1/2018	-	1,352	-	47	62.8	1,305	684
12/1/2018	55	145	673	13	12/1/2018	-	1,223	-	48	62.5	1,301	682
1/1/2019	59	115	611	14	1/1/2019		1,369		49	62.2	1,298	680
2/1/2019	51	107	625	14	2/1/2019		1,400		50	61.9	1,295	677
3/1/2019	69	113	575	14	3/1/2019		1,445		51	61.6	1,292	675
4/1/2019	79	132	824	13	4/1/2019		1,393		52	61.3	1,288	673
5/1/2019	95	137	735	13	5/1/2019		1,322		53	61.0	1,285	671
6/1/2019	38	108	616	13	6/1/2019		1,269		54	60.7	1,282	669
7/1/2019	77	104	664	13	7/1/2019		1,253		55	60.5	1,279	666
8/1/2019	73	114	892	13	8/1/2019		1,368		56	60.2	1,276	664
9/1/2019	92	119	764	13	9/1/2019		1,072		57	59.9	1,272	662
10/1/2019	80	113	659	13	10/1/2019		1,478		58	59.6	1,269	660
11/1/2019	105	119	993	13	11/1/2019		1,493		59	59.3	1,266	658
12/1/2019	105	126	1,078	13	12/1/2019		1,456		60	59.0	1,263	656
1/1/2020	108	123	460	13	1/1/2020	-	880	-				
2/1/2020	102	100	434	13	2/1/2020	1	783	1				
3/1/2020	106	98	423	12	3/1/2020	1	870	1				
4/1/2020	42	67	446	12	4/1/2020		590	1,166				
5/1/2020	24	93	322	12	5/1/2020		261					
					6/1/2020		1,115					

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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	0.1	43.7	5.7
Langlie Mattix	Seven Rivers-Queen	2.4	4.5	20.5
	Total	2.6	48.1	26.2
Jalmat	Yates-Seven Rivers	5%	90%	20%
Langlie Mattix	Seven Rivers-Queen	95%	10%	80%
	Total (%)	100%	100%	100%

Attachment A – Jack B 30 #001 Well Log



API	Source	Perf Type	Top Perf	Btm Perf	Perf Interval
30025112840000	CJH	Proposed	3443	3447	4
30025112840000	CJH	Proposed	3460	3465	5
30025112840000	CJH	Proposed	3489	3495	6
30025112840000	CJH	Proposed	3506	3511	5
30025112840000	CJH	Proposed	3523	3530	7
30025112840000	CJH	Proposed	3541	3545	4
30025112840000	CJH	Proposed	3546	3551	5
30025112840000	CJH	Proposed	3554	3558	4
30025112840000	CJH	Proposed	3565	3568	3
30025112840000	CJH	Proposed	3576	3580	4
30025112840000	CJH	Proposed	3589	3594	5
30025112840000	CJH	Proposed	3598	3604	6
30025112840000	CJH	Proposed	3608	3614	6

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

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-11284		2 Pool Code 33820		3 Pool Name Jalmat (Oil)	
4 Property Code 326907		5 Property Name Jack "B - 30"			6 Well Number 1
7 OGRID No. 329326		8 Operator Name FAE II Operating, LLC			9 Elevation 3275 KB (3265 GL)

10 Surface Location

UL or lot no. H	Section 30	Township 24S	Range 37E	Lot Idn	Feet from the 1650	North/South line North	Feet from the 990	East/West Line East	County Lea
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
12 Dedicated Acres 40		13 Joint or Infill N		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
					Signature _____	
					Printed Name _____	
					Title _____	
Date _____		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.				
Date of Survey _____		Signature and Seal of Professional Surveyor: _____				
Certificate Number _____						

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

District II
811 South First, Artesia, NM 88210

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

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2040 South Pacheco, Santa Fe, NM 87505

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☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-11284		2 Pool Code 37240		3 Pool Name Langlie Mattix	
4 Property Code 326907		5 Property Name Jack "B - 30"			6 Well Number 1
7 OGRID No. 329326		8 Operator Name FAE II Operating, LLC			9 Elevation 3275 KB (3265 GL)

10 Surface Location

UL or lot no. H	Section 30	Township 24S	Range 37E	Lot Idn	Feet from the 1650	North/South line North	Feet from the 990	East/West Line East	County Lea
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
12 Dedicated Acres 40		13 Joint or Infill N		14 Consolidation Code		15 Order No.			

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

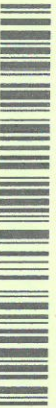
16					<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>	
					<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyer: _____</p> <p>Certificate Number _____</p>	

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
 Print your name and address on the reverse so that we can return the card to you.
 ■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BLM- New Mexico State Office
 301 Dinosaur Trail
 Santa Fe, NM 87508



9590 9402 5648 9308 7217 13

2. Article Number (Transfer from service label)

7020 0640 0000 9346 8362

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature
R Duran

☐ Agent
☒ Address

B. Received by (Printed Name)
Regina Duran

C. Date of Delivery
2-8-21

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restr |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
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| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Registered Mail | |
| <input type="checkbox"/> Registered Mail Restricted Delivery | |

Additional charges: \$500

Domestic Return Receipt

From: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXT] RE: Downhole Commingling Application DHC-5106
Date: Wednesday, February 3, 2021 3:16:09 PM

Mr. McClure,

Following our conversation today about how to notify the BLM, here is the certified mail tracking number – 7020 0640 0000 9346 8362 – this will be the same number for all of the following downhole commingling applications:

1. DHC 5106 – Wells A #8
2. DHC 5114 – Harrison Federal WB #1
3. DHC 5104 – Carlson Harrison Federal Com #4
4. DHC 5115 – Santa Fe Federal #1
5. DHC 5101 – Jack B 30 #1
6. DHC 5092 – Jack B 30 #3

We are grateful for your guidance on this, and we hope that this tracking number is sufficient to demonstrate BLM notification for the aforementioned applications.

Thank you,

Marshall Bates
Forty Acres Energy
11757 Katy Fwy. Ste. 1000
Houston, TX 77079
C: (713) 253-2885

From: [Marshall Bates](#)
Sent: Friday, January 29, 2021 12:53 AM
To: [McClure, Dean, EMNRD](#)
Cc: [Shepard, Jonathon W](#)
Subject: RE: Downhole Commingling Application DHC-5106

Mr. McClure,

Please see the attached Sundry Notice that I am happy to send to the BLM, although I have learned that these Sundries are not necessary when there is identical ownership between the pools. Are you looking for certified mail tracking number?

Sorry for the confusion on the Jalmat pool, we would like to confirm that it is the gas pool (79240).

Thank you,

Marshall Bates

Forty Acres Energy
11757 Katy Fwy. Ste. 1000
Houston, TX 77079

From: [McClure, Dean, EMNRD](#)

Sent: Tuesday, January 19, 2021 3:03 PM

To: [Marshall Bates](#)

Subject: Downhole Commingling Application DHC-5106

Mr. Bates,

I am reviewing the downhole commingling application (DHC-5106) for the Wells A #8 (30-025-23857) operated by FAE II Operating, LLC (329326).

Please confirm the Jalmat pool for this well. The application and attached C-102 indicates that the well is within the oil pool (33820), but OCD currently has it as the gas pool (79240).

Please submit either the tracking number for the certified mail sent to the BLM or a copy of the sundry submitted to the BLM notifying them of the application.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: [Engineer, OCD, EMNRD](#)
To: [Marshall Bates](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); lisa@rwbyram.com; [Glover, James](#); kparadis@blm.gov; [Walls, Christopher](#)
Subject: Approved Administrative Order DHC-5101
Date: Monday, March 8, 2021 4:57:05 PM
Attachments: [DHC5101 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5101 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Jack B 30 #1 well (30-025-11284).

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

Notice

Date Sent: 2/3/2021

[illegible]

**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-5101

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 percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

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

11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
12. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Applicant shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
3. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
4. Prior to commingling production from the Pools within the Well's well bore, Applicant shall confirm the depth of the top of the Queen Formation with OCD's District Geologist. If the depth confirmed by OCD's District Geologist is different than the depth submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after commingling production, Applicant shall submit Form C-103 to the OCD Engineering Bureau correcting the depth of the top of the Queen Formation.
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 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.
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**

A handwritten signature in black ink, appearing to read 'AS', is written over a horizontal line.

ADRIENNE SANDOVAL

DIRECTOR

AS/dm

DATE: 3/08/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5101**

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

Well Name: **Jack B 30 #1**

Well API: **30-025-11284**

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

Upper Zone

Pool ID: **33820**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **5%**

Gas: **90%**

Interval: **Perforations**

Top: **3,358**

Bottom: **3,418**

Pool Name:

Intermediate Zone

Pool ID:

Current:

New:

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**

Lower Zone

Pool ID: **37240**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **95%**

Gas: **10%**

Interval: **Perforations**

Top: **3,418**

Bottom: **3,614**

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

Top of Queen Formation: **3518**

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 11880

CONDITIONS OF APPROVAL

Operator:	FAE II OPERATING LLC 11757 Katy Freeway, Suite 1000 Houston, TX77079			OGRID:	329326	Action Number:	11880	Action Type:	C-107A
OCD Reviewer	Condition								
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.								