

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: Citgo AS State #002 **API:** 30-025-25941
Pool: Langlie Mattix **Pool Code:** 37240

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

Signature

1/12/2021
 Date

832-220-3202

Phone Number

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

Form C-107A
Revised August 1, 2011

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC 11757 Katy Fwy. Ste. 1000, Houston, TX 77079

Operator	Address		
Citgo AS State	2	F-2-24S-36E	Lea
Lease	Well No.	Unit Letter-Section-Township-Range	County
329326	326359	30-025-25941	X
OGRID No.	Property Code	API No.	Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat		Langlie Mattix
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,822 – 3,504'		3,504' – 3,754'
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)	30.4 API / 1.303 BTU		30.4 API / 1.303 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 100 % Gas 67 %	Oil % Gas %	Oil 0 % Gas 33 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐
NMOCD Reference Case No. applicable to this well: _____

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

PRE-APPROVED POOLS

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

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

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

SIGNATURE M Bates TITLE Engineering Tech DATE 1/13/2021
TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 241-8080
E-MAIL ADDRESS Marshall@FAEnergyus.com

faeIIoperating

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: Citgo AS State #002: API 30-025-25941
Jalmat Pool: 33820
Langlie Mattix Pool: 37240

Dear Mr. McClure:

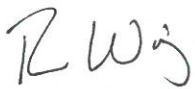
FAE II Operating LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed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



Rebecca Wing
Land

faeIIoperating

January 12, 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 Citgo AS State #2 well located in Sec. 2, T-24S, R-36E, 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 Citgo AS State #2 well located in Unit Letter F, Section 2, T-24S, R-36E, 1,650 feet FNL and 2,310 feet FWL, as shown in the attached C-102's for each zone.

The Citgo AS State #2 is currently open to the Seven Rivers-Queen interval, which translates to the LANGLEIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. 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 Citgo AS State #2 is the Yates-Seven Rivers, which translates to the JALMAT; TAN-YATES-7 RVRS [Pool ID: 33820]. To develop a forecast for this zone, 46 surrounding wells with production history from the Yates-Seven Rivers were used as an offset to prove up hole potential in the Citgo AS State #2 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 Citgo AS State #2 proved that an IP of 2.3 BOPD and 26.3 MCFPD is the expected total, and of that, 2.3 BOPD and 17.5 MCFPD will come from the Yates-Seven Rivers zone. The Seven Rivers-Queen is projected to yield 0.0 BOPD and 8.8 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.

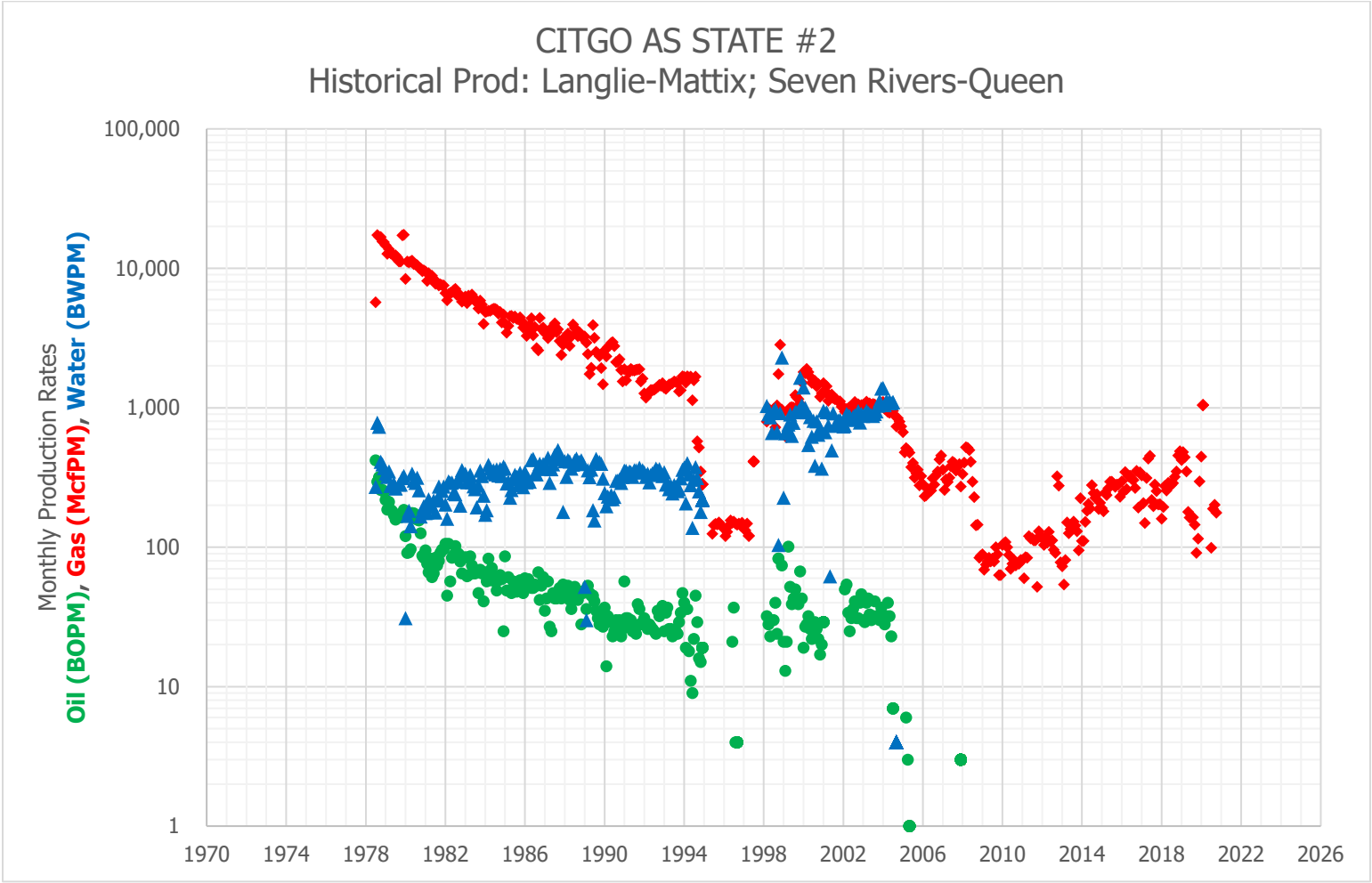
Very truly yours,



AE II Operating, LLC

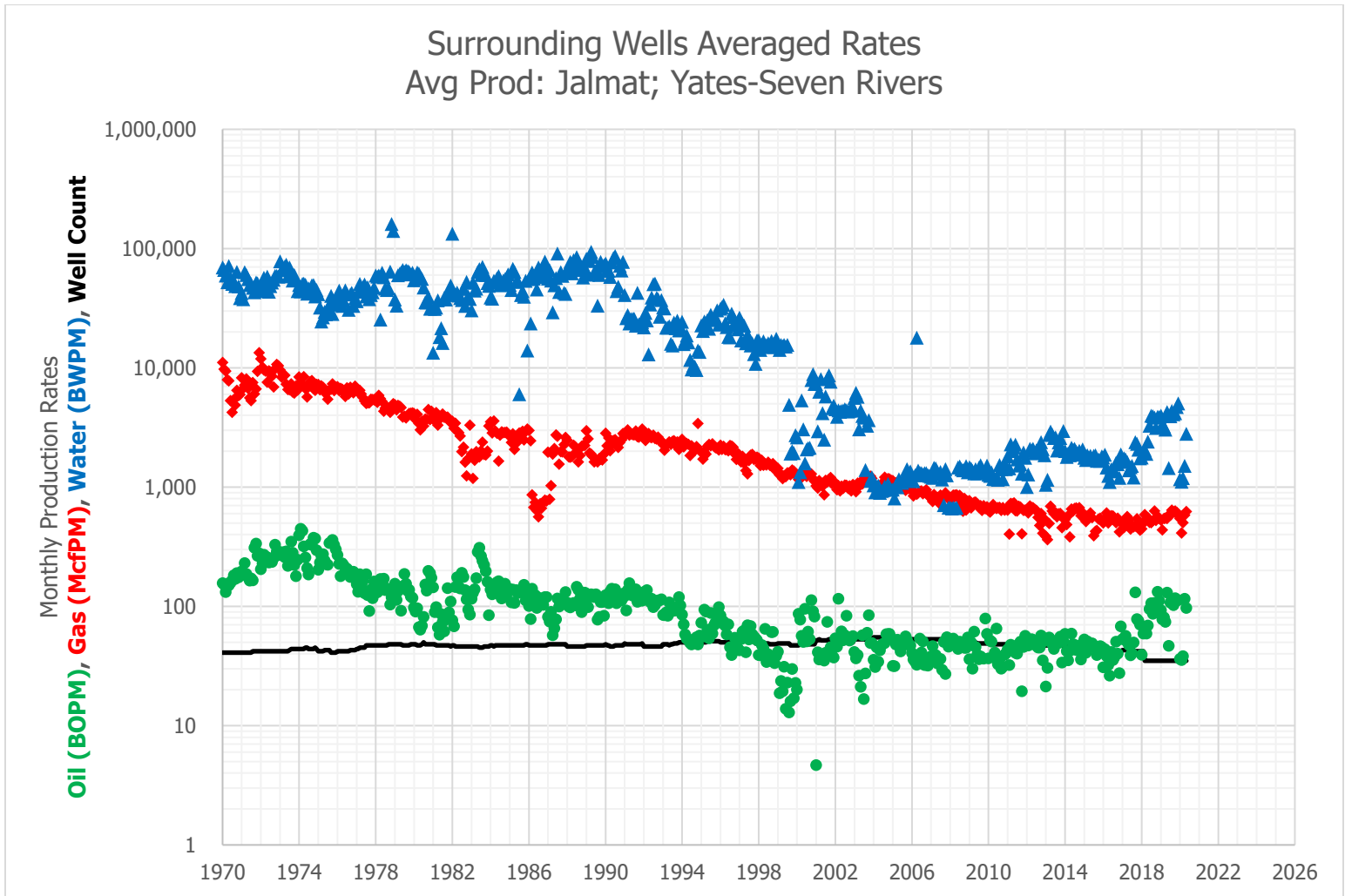
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Exhibit A – Historical and Forecast Production in the Current Zone



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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: Jalmat; Yates-Seven Rivers					CITGO AS STATE #2 Historical Prod: Langlie-Mattix; 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)
1/1/2015	53	544	1,758	46	1/1/2015		191		1	68.7	800	2,364
2/1/2015	41	512	1,680	46	2/1/2015		181		2	68.3	798	2,357
3/1/2015	51	573	1,844	46	3/1/2015		247		3	68.0	796	2,349
4/1/2015	47	569	1,756	46	4/1/2015		237		4	67.7	794	2,341
5/1/2015	47	606	1,830	45	5/1/2015		265		5	67.4	792	2,333
6/1/2015	49	552	1,729	45	6/1/2015		295		6	67.0	790	2,326
7/1/2015	47	390	1,828	45	7/1/2015		295		7	66.7	788	2,318
8/1/2015	45	425	1,845	44	8/1/2015		285		8	66.4	787	2,310
9/1/2015	39	432	1,659	44	9/1/2015		271		9	66.1	785	2,303
10/1/2015	42	538	1,699	44	10/1/2015		281		10	65.8	783	2,295
11/1/2015	46	548	1,656	44	11/1/2015		282		11	65.5	781	2,288
12/1/2015	45	515	1,803	43	12/1/2015		230		12	65.1	779	2,280
1/1/2016	31	500	1,767	43	1/1/2016		296		13	64.8	777	2,273
2/1/2016	44	541	1,863	43	2/1/2016		250		14	64.5	775	2,265
3/1/2016	38	606	1,455	43	3/1/2016		347		15	64.2	773	2,258
4/1/2016	32	500	1,243	43	4/1/2016		261		16	63.9	771	2,250
5/1/2016	26	562	1,103	43	5/1/2016		323		17	63.6	769	2,243
6/1/2016	42	574	1,413	42	6/1/2016		326		18	63.3	767	2,236
7/1/2016	35	571	1,353	42	7/1/2016		308		19	63.0	765	2,228
8/1/2016	37	545	1,364	42	8/1/2016		304		20	62.7	763	2,221
9/1/2016	50	503	1,598	42	9/1/2016		266		21	62.4	761	2,214
10/1/2016	40	549	1,552	42	10/1/2016		353		22	62.1	759	2,206
11/1/2016	28	419	1,192	42	11/1/2016		192		23	61.8	758	2,199
12/1/2016	68	504	1,875	42	12/1/2016		345		24	61.5	756	2,192
1/1/2017	53	495	1,711	43	1/1/2017		328		25	61.2	754	2,185
2/1/2017	53	457	1,743	43	2/1/2017		207		26	60.9	752	2,178
3/1/2017	57	531	1,707	43	3/1/2017		149		27	60.6	750	2,170
4/1/2017	50	565	1,620	43	4/1/2017		314		28	60.3	748	2,163
5/1/2017	47	533	1,380	43	5/1/2017		433		29	60.0	746	2,156
6/1/2017	39	443	1,462	43	6/1/2017		452		30	59.8	744	2,149
7/1/2017	40	480	1,505	43	7/1/2017		218		31	59.5	743	2,142
8/1/2017	50	463	1,199	43	8/1/2017		197		32	59.2	741	2,135
9/1/2017	131	470	2,374	42	9/1/2017		281		33	58.9	739	2,128
10/1/2017	78	542	2,305	42	10/1/2017		253		34	58.6	737	2,121
11/1/2017	76	459	2,059	42	11/1/2017		203		35	58.3	735	2,114
12/1/2017	70	435	1,742	42	12/1/2017		204		36	58.1	733	2,107
1/1/2018	39	446	1,769	42	1/1/2018		160		37	57.8	732	2,100
2/1/2018	59	498	1,951	42	2/1/2018		194		38	57.5	730	2,093
3/1/2018	64	587	2,047	35	3/1/2018		275		39	57.2	728	2,086
4/1/2018	59	537	1,897	35	4/1/2018		255		40	57.0	726	2,079
5/1/2018	69	553	2,408	35	5/1/2018		289		41	56.7	724	2,073
6/1/2018	95	506	3,274	35	6/1/2018		286		42	56.4	722	2,066
7/1/2018	106	502	3,969	35	7/1/2018		280		43	56.1	721	2,059
8/1/2018	86	521	3,925	35	8/1/2018		288		44	55.9	719	2,052
9/1/2018	107	629	3,822	35	9/1/2018		320		45	55.6	717	2,046
10/1/2018	92	524	3,129	35	10/1/2018		350		46	55.3	715	2,039
11/1/2018	132	570	3,881	35	11/1/2018		454		47	55.1	713	2,032
12/1/2018	111	547	3,860	35	12/1/2018		488		48	54.8	712	2,025
1/1/2019	93	528	3,973	35	1/1/2019		422		49	54.6	710	2,019
2/1/2019	78	437	3,318	35	2/1/2019		482		50	54.3	708	2,012
3/1/2019	81	546	3,205	35	3/1/2019		443		51	54.0	706	2,006
4/1/2019	74	547	3,026	35	4/1/2019		350		52	53.8	705	1,999
5/1/2019	130	545	4,245	35	5/1/2019		179		53	53.5	703	1,992
6/1/2019	47	581	1,440	35	6/1/2019		163		54	53.3	701	1,986
7/1/2019	107	580	3,922	35	7/1/2019		164		55	53.0	699	1,979
8/1/2019	114	640	4,343	35	8/1/2019		164		56	52.8	698	1,973
9/1/2019	102	620	4,065	35	9/1/2019		145		57	52.5	696	1,966
10/1/2019	117	629	4,152	35	10/1/2019		91		58	52.3	694	1,960
11/1/2019	112	614	4,670	35	11/1/2019		115		59	52.0	692	1,953
12/1/2019	113	577	5,026	35	12/1/2019		297		60	51.8	691	1,947
1/1/2020	36	545	1,161	36	1/1/2020		446					
2/1/2020	35	411	1,110	36	2/1/2020		1,045					
3/1/2020	38	502	1,191	35	3/1/2020		-					
4/1/2020	116	580	1,509	35	4/1/2020		-					
5/1/2020	97	624	2,792	35	5/1/2020		-					
6/1/2020	78	584	2,557	35	6/1/2020		-					

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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	2.3	17.5	77.8
Langlie Mattix	Seven Rivers-Queen	0.0	8.8	0.0
	Total	2.3	26.3	77.8
Jalmat	Yates-Seven Rivers	100%	67%	100%
Langlie Mattix	Seven Rivers-Queen	0%	33%	0%
	Total (%)	100%	100%	100%

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form 1-17
Supersedes 1-17-14
Effective 1-1-15

All distances must be from the outer boundaries of the Section

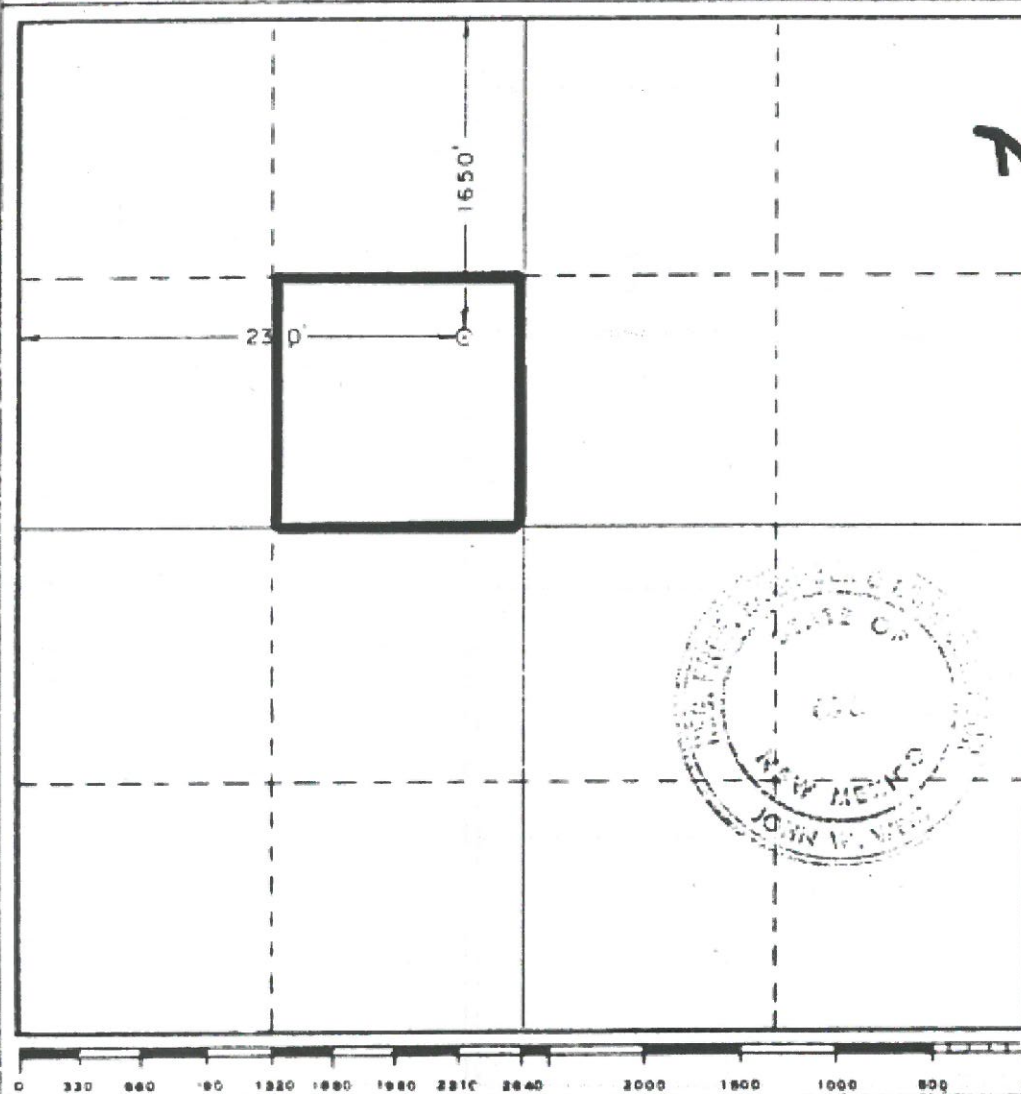
Operator FAE II Operating, LLC			Lease Citgo "AS" State			Well No. 2		
Unit Letter F	Section 2	Township 24 South	Range 36 East	County Lea				
Actual Footage Location of Well: 1650 feet from the North line and 2310 feet from the West line								
Ground Level Elev. 3368.3	Producing Formation TAN-YATES-7 RIVERS			Pool Jalmat	Dedicated Acreage: 40			

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communization, 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 communization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

MBates

Name
Marshall Bates
Position
Engineering Tech
Company
FAE II Operating, LLC
Date
1/12/2021

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 and/or Land Surveyor _____

Certificate No. **John W. West** 67
Ronald J. Eidson 323

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form 1-1979
Supersedes C-124
Effective 1-1-85

All distances must be from the outer boundaries of the Section

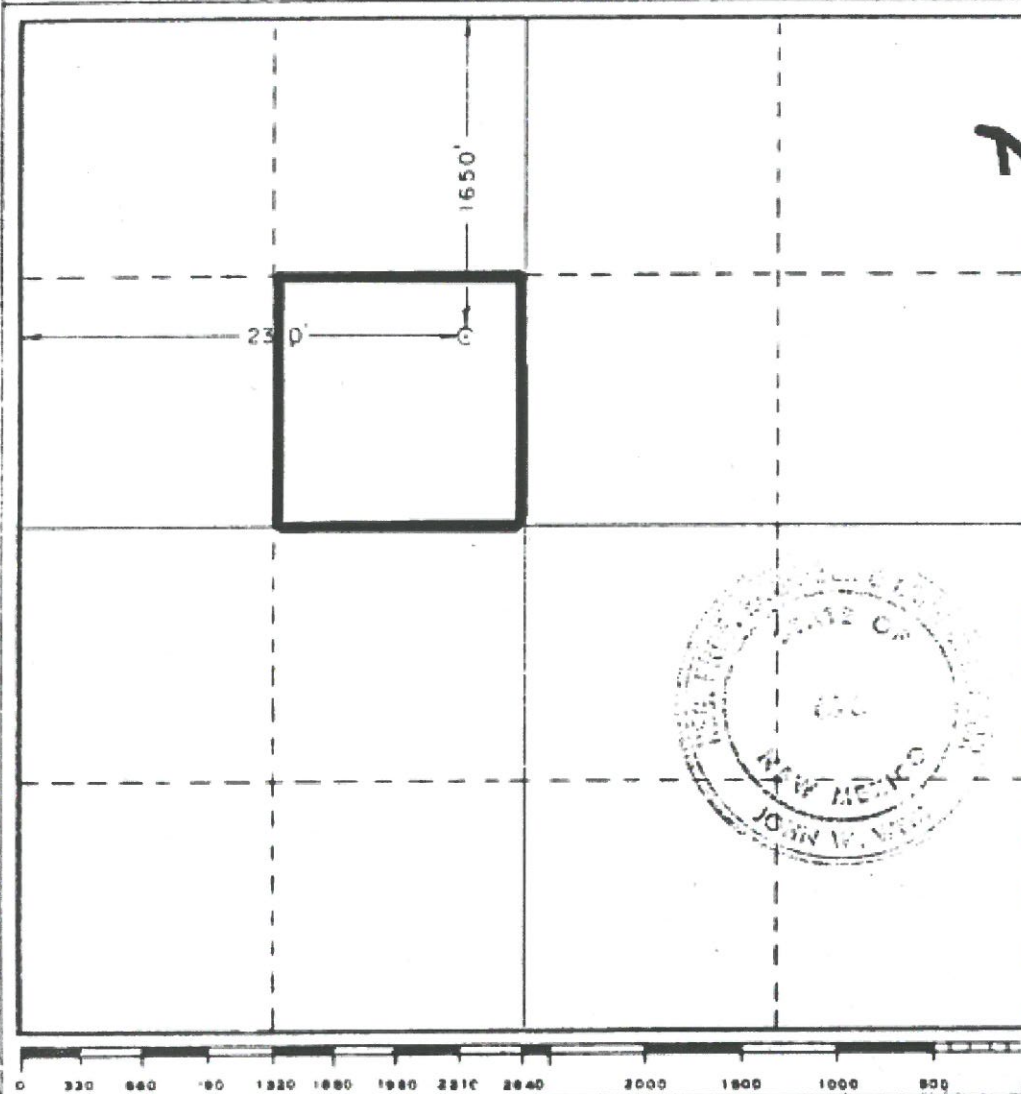
Operator FAE II Operating, LLC			Lease Citgo "AS" State		Well No. 2
Init Letter F	Section 2	Township 24 South	Range 36 East	County Lea	
Actual Footage Location of Well: 1650 feet from the North line and 2310 feet from the West line					
Ground Level Elev. 3368.3	Producing Formation Seven Rivers-Queen		Pool Langlie-Mattix		Dedicated Acreage 40

1. Outline the acreage dedicated to the subject 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 (both as to working interest and royalty).
3. 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

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

M Bates

Name
Marshall Bates
Position
Engineering Tech
Company
FAE II Operating, LLC
Date
1/12/2021

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 and/or Land Surveyor _____

Certificate No. **John W. West 67**
Ronald J. Eidson 323

From: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXT] RE: downhole commingling application DHC-5110
Date: Wednesday, February 3, 2021 3:34:59 PM

Mr. McClure,

Here is the certified mail tracking number: 7020 0640 0000 9346 8355

Thank you!

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

From: [McClure, Dean, EMNRD](#)
Sent: Tuesday, January 19, 2021 5:10 PM
To: [Marshall Bates](#)
Subject: downhole commingling application DHC-5110

Mr. Bates,

I am reviewing the downhole commingling application (DHC-5110) for the Citgo AS State #2 (30-025-25941) operated by FAE II Operating, LLC (329326).

Please submit the tracking number for the certified mail sent to the NMSLO notifying them of the application.

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

From: [McClure, Dean, EMNRD](#)
To: [Marshall Bates](#)
Subject: DHC-5110 application
Date: Thursday, March 4, 2021 4:07:00 PM

Mr. Bates,

Upon review of the Citgo AS State #2 (30-025-25941), OCD's District Geologist has identified the top of the Queen formation at 3,620 feet. This then stipulates that the pool boundary between the Jalmat and Langlie Mattix pools resides at 3,520 feet. Please take note of this change for future reference.

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; [Holm, Anchor E.; Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5110
Date: Monday, March 8, 2021 4:48:53 PM
Attachments: [DHC5110 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5110 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Citgo AS State #2 well (30-025-25941).

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

							PROPOSED		PROPOSED		
API		LOC	RUSLER	TAN	YATES	7R	QU	JALMAT PERFS	POOL BOUNDRY	LANGLIE PERFS	ABOVE QUEEN
30-025-35139	JACK B 30 #003	S243730A			2912	3160	3580	2925-3418	3480	3451-3608	100
30-025-11284	JACK B 30 #001	S243730H	1128	2820	2920	3162		3358-3425		3443-3614	100
30-025-26536	POSSH #004	S243636B	1165		2850	3128	3500	3043-3378	3400 est	3461-3520	100
30-025-29358	CARLSON HARRISON FED COM #004	S253722L	890	2560	2718	3036	3400	2888-3068	3300	3328-3570	100
30-025-23857	WELLS A #008	S253601N	1157	2686	2846	3077		2850-3350		3350-3450	100
30-025-26757	ARNOTT RAMSAY NCT-B #009	S253732K	936	2560	2694	2954	3341	3100-3240	3241	3240-3680	100
30-025-11864	ARNOTT RAMSAY NCT-B #001	S253732M		2610	2761	3006		3170-3325		3325-3400	100
30-025-25941	CITGO AS STATE #002	S243602F	1213		2980	3195	3620	2822-3504	3520	3504-3754	100
30-025-26046	CITGO AS STATE #003	S243602C3	1190	2843	2997	3216	3636	2841-3518	3534	3518-3801	100
30-025-34486	CITGO AS STATE #004	S243602D4	1226	2916	3072	3297		2918-3605		3605-3783	100
30-025-28067	LANGLIE A STATE #003	S243636I						2638-3294		3294-3367	100
30-025-11805	HARRISON WB #001	S253727L	845		2674	2920		2515-3270		3270-3370	100
30-025-26563	SANTA FE FEDERAL #001	S253727M	881	2494	2680	2908	3338	2517-3252	3238	3252-3400	100
30-025-35329	ARNOTT RAMSAY NCT-A #006	S253602H						3066-3490		3490-3600	100
30-025-11854	DYER #002	S253731H	950		2810	3064		2778-3340		3340-3550	100
30-025-11855	DYER #003	S253731H						2778-3340		3340-3550	100
30-025-11874	R O GREGORY #003	S253733M				2814		2610-3140		3140-3285	100
30-025-10805	STEELER A #001	S233720M	1044		2810	3074	3404	2700-3370		3370-3680	100
30-025-28044	STEELER A #004	S233720M			2754	3010	3430	2700-3370		3370-3680	100
30-025-09718	WELLS B 1 #001	S253601A1						2700-3325		3325-3547	100

State of New Mexico
Energy, Minerals and Natural Resources Department

Notice

Order: **DHC-5110**

Operator: FAE II Operating, LLC (329326)

Publication Date:

Date Sent: 2/3/2021

Noticed Persons

[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-5110

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-5110**

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

Well Name: **Citgo AS State #2**

Well API: **30-025-25941**

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

Upper Zone

Pool ID: **33820**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **100%**

Gas: **67%**

Interval: **Perforations**

Top: **2,822**

Bottom: **3,520**

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: **X**

New:

Allocation: **Fixed Percent**

Oil: **0%**

Gas: **33%**

Interval: **Perforations**

Top: **3,520**

Bottom: **3,754**

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

Top of Queen Formation: **3620**

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 14709

CONDITIONS OF APPROVAL

Operator:			OGRID:	Action Number:	Action Type:
FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	329326	14709	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.