

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: Langlie A State #003 **API:** 30-025-28067
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

☐ 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

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		
Langlie A State	3	I-36-24S-36E	Lea
Lease	Well No.	Unit Letter-Section-Township-Range	County
329326	326390	30-025-28067	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)	2,638 – 3,294'		3,294' – 3,367'
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)	32.0 API / 1.074 BTU		32.0 API / 1.074 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 Gas 0 % 10 %	Oil Gas % %	Oil Gas 100 % 90 %

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: Langlie A State #003: API 30-025-28067
Jalmat Pool: 79240
Langlie Mattix Pool: 37240

Dear Mr. McClure:

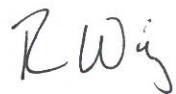
FAE II Operating LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed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

If you have any questions, please feel free to contact the undersigned phone at (832) 219-0809 or by email at rebecca@faenergyus.com.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Rebecca Wing
Land

fae II operating

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 Langlie A State #3 well located in Sec. 36, 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 Langlie A State #3 well located in Unit Letter I, Section 36, T-24S, R-36E, 1,980 feet FSL and 330 feet FEL, as shown in the attached C-102's for each zone.

The Langlie A State #3 is currently open to the Yates-Seven Rivers interval, which translates to the JALMAT; TAN-YATES-7 RVRS 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 Langlie A State #3 is the Seven Rivers-Queen, which translates to the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a forecast for this zone, 24 surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the Langlie A State #3 by taking the historical average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit B. From there, a decline curve was utilized based on the aforementioned historical production.

Overall, the forecast for the proposed downhole commingled production was formed by combining the forecasts for both zones, as shown in the Synthetic Decline Curve column of Exhibit C. This forecast for the Langlie A State #3 proved that an IP of 2.5 BOPD and 4.3 MCFPD is the expected total, and of that, 2.5 BOPD and 3.9 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 0.4 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.

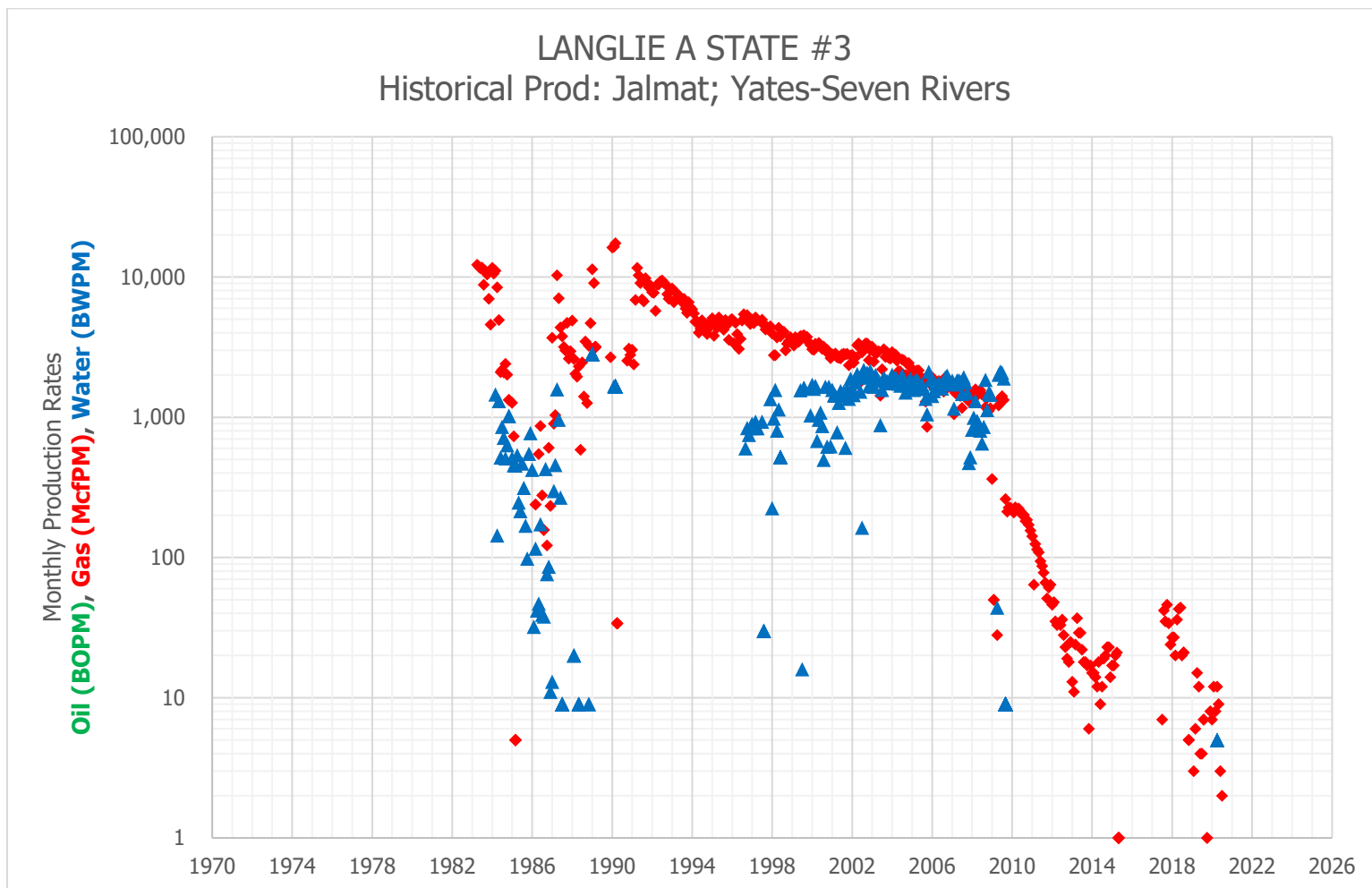
Very truly yours,



FAE II Operating, LLC

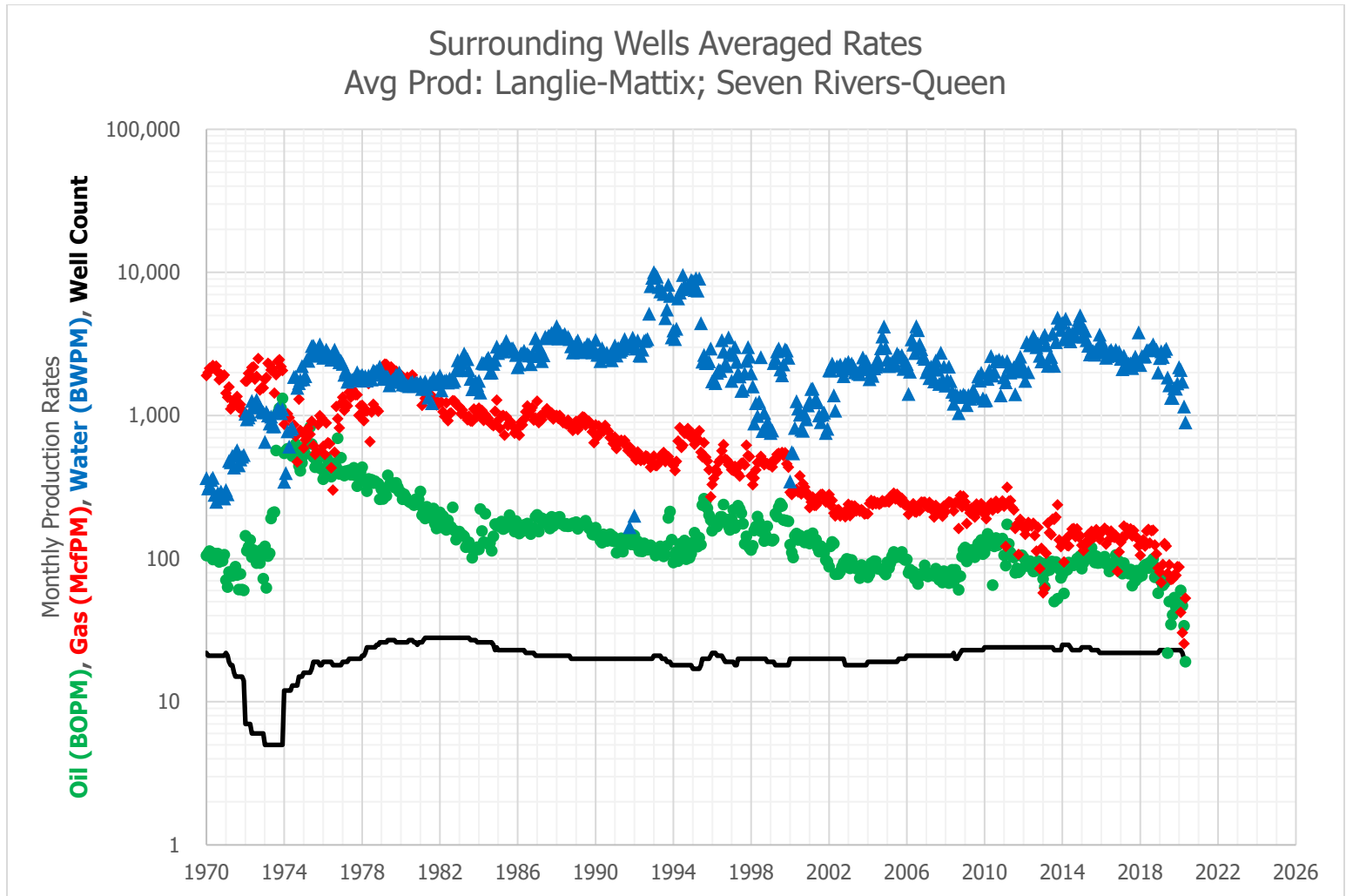
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Exhibit A – Historical and Forecast Production in the Current Zone



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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					LANGLIE A STATE #3 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)
1/1/2015	85	124	4,311	24	1/1/2015		17		1	74.5	132	2,454
2/1/2015	93	114	3,555	24	2/1/2015		17		2	74.2	131	2,446
3/1/2015	102	129	3,910	24	3/1/2015		20		3	73.8	131	2,438
4/1/2015	100	127	3,357	24	4/1/2015		21		4	73.5	131	2,430
5/1/2015	104	147	3,070	24	5/1/2015		1		5	73.1	130	2,422
6/1/2015	117	134	2,673	24	6/1/2015	-	-	-	6	72.8	130	2,414
7/1/2015	119	155	2,827	23	7/1/2015	-	-	-	7	72.4	130	2,406
8/1/2015	105	140	2,816	23	8/1/2015	-	-	-	8	72.1	129	2,398
9/1/2015	94	143	2,660	23	9/1/2015	-	-	-	9	71.7	129	2,391
10/1/2015	104	159	2,900	23	10/1/2015	-	-	-	10	71.4	129	2,383
11/1/2015	93	142	2,756	23	11/1/2015	-	-	-	11	71.1	129	2,375
12/1/2015	93	137	3,677	22	12/1/2015	-	-	-	12	70.7	128	2,367
1/1/2016	99	154	3,321	22	1/1/2016	-	-	-	13	70.4	128	2,359
2/1/2016	95	156	3,083	22	2/1/2016	-	-	-	14	70.0	128	2,352
3/1/2016	103	163	2,834	22	3/1/2016	-	-	-	15	69.7	127	2,344
4/1/2016	92	126	2,530	22	4/1/2016	-	-	-	16	69.4	127	2,336
5/1/2016	91	156	2,597	22	5/1/2016	-	-	-	17	69.0	127	2,328
6/1/2016	81	137	2,792	22	6/1/2016	-	-	-	18	68.7	126	2,321
7/1/2016	92	156	2,875	22	7/1/2016	-	-	-	19	68.4	126	2,313
8/1/2016	89	142	2,730	22	8/1/2016	-	-	-	20	68.1	126	2,306
9/1/2016	91	140	2,674	22	9/1/2016	-	-	-	21	67.7	125	2,298
10/1/2016	106	145	2,867	22	10/1/2016	-	-	-	22	67.4	125	2,290
11/1/2016	89	81	2,636	22	11/1/2016	-	-	-	23	67.1	125	2,283
12/1/2016	96	111	2,778	22	12/1/2016	-	-	-	24	66.8	124	2,275
1/1/2017	87	130	2,481	22	1/1/2017		-		25	66.5	124	2,268
2/1/2017	78	142	2,110	22	2/1/2017		-		26	66.1	124	2,260
3/1/2017	93	169	2,616	22	3/1/2017		-		27	65.8	123	2,253
4/1/2017	82	143	2,167	22	4/1/2017		-		28	65.5	123	2,246
5/1/2017	81	163	2,255	22	5/1/2017		-		29	65.2	123	2,238
6/1/2017	79	155	2,302	22	6/1/2017		-		30	64.9	123	2,231
7/1/2017	84	161	2,312	22	7/1/2017		7		31	64.6	122	2,224
8/1/2017	65	144	2,143	22	8/1/2017		42		32	64.3	122	2,216
9/1/2017	76	157	2,427	22	9/1/2017		35		33	64.0	122	2,209
10/1/2017	70	143	2,576	22	10/1/2017		46		34	63.6	121	2,202
11/1/2017	83	140	2,375	22	11/1/2017		34		35	63.3	121	2,194
12/1/2017	74	123	3,807	22	12/1/2017		24		36	63.0	121	2,187
1/1/2018	81	105	2,257	22	1/1/2018		27		37	62.7	120	2,180
2/1/2018	76	127	2,595	22	2/1/2018		27		38	62.4	120	2,173
3/1/2018	87	136	2,581	22	3/1/2018		20		39	62.1	120	2,166
4/1/2018	90	122	2,593	22	4/1/2018		36		40	61.8	120	2,159
5/1/2018	91	156	2,857	22	5/1/2018		43		41	61.5	119	2,152
6/1/2018	86	160	2,853	22	6/1/2018		44		42	61.3	119	2,144
7/1/2018	94	128	2,870	22	7/1/2018		20		43	61.0	119	2,137
8/1/2018	92	156	2,988	22	8/1/2018		21		44	60.7	118	2,130
9/1/2018	99	158	3,140	22	9/1/2018		-		45	60.4	118	2,123
10/1/2018	74	124	2,883	22	10/1/2018		-		46	60.1	118	2,116
11/1/2018	87	108	2,880	22	11/1/2018		5		47	59.8	117	2,109
12/1/2018	57	86	1,999	22	12/1/2018				48	59.5	117	2,103
1/1/2019	73	81	2,521	23	1/1/2019		-		49	59.2	117	2,096
2/1/2019	69	68	2,804	23	2/1/2019		3		50	58.9	117	2,089
3/1/2019	65	91	2,561	23	3/1/2019		6		51	58.7	116	2,082
4/1/2019	67	128	2,818	23	4/1/2019		15		52	58.4	116	2,075
5/1/2019	74	122	2,916	23	5/1/2019		12		53	58.1	116	2,068
6/1/2019	22	79	1,843	23	6/1/2019		4		54	57.8	115	2,061
7/1/2019	50	90	1,626	23	7/1/2019		4		55	57.6	115	2,055
8/1/2019	35	71	1,326	23	8/1/2019		7		56	57.3	115	2,048
9/1/2019	40	72	1,328	23	9/1/2019		-		57	57.0	115	2,041
10/1/2019	53	77	1,550	23	10/1/2019		1		58	56.7	114	2,034
11/1/2019	46	76	1,541	23	11/1/2019		-		59	56.5	114	2,028
12/1/2019	47	88	1,678	23	12/1/2019		8		60	56.2	114	2,021
1/1/2020	50	87	2,175	23	1/1/2020		7	-				
2/1/2020	60	42	2,077	23	2/1/2020		12	-				
3/1/2020	47	30	1,724	22	3/1/2020		8	-				
4/1/2020	34	26	1,157	20	4/1/2020		12	5				
5/1/2020	19	53	893	20	5/1/2020		9					
6/1/2020	38	56	2,038	19	6/1/2020		3					

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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	0.4	0.0
Langlie Mattix	Seven Rivers-Queen	2.5	3.9	80.7
	Total	2.5	4.3	80.7
Jalmat	Yates-Seven Rivers	0%	10%	0%
Langlie Mattix	Seven Rivers-Queen	100%	90%	100%
	Total (%)	100%	100%	100%

NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF LAND AND ACREAGE EDUCATION

Supersedes L-128
10/1/19/2019

FAE II Operating, LLC

LANGLIE "A"

3

I	36	24 SOUTH	36 EAST	LEA
1980		SOUTH	330	EAST
3254.3	Yates-Seven Rivers	Jalmat (Oil)		40

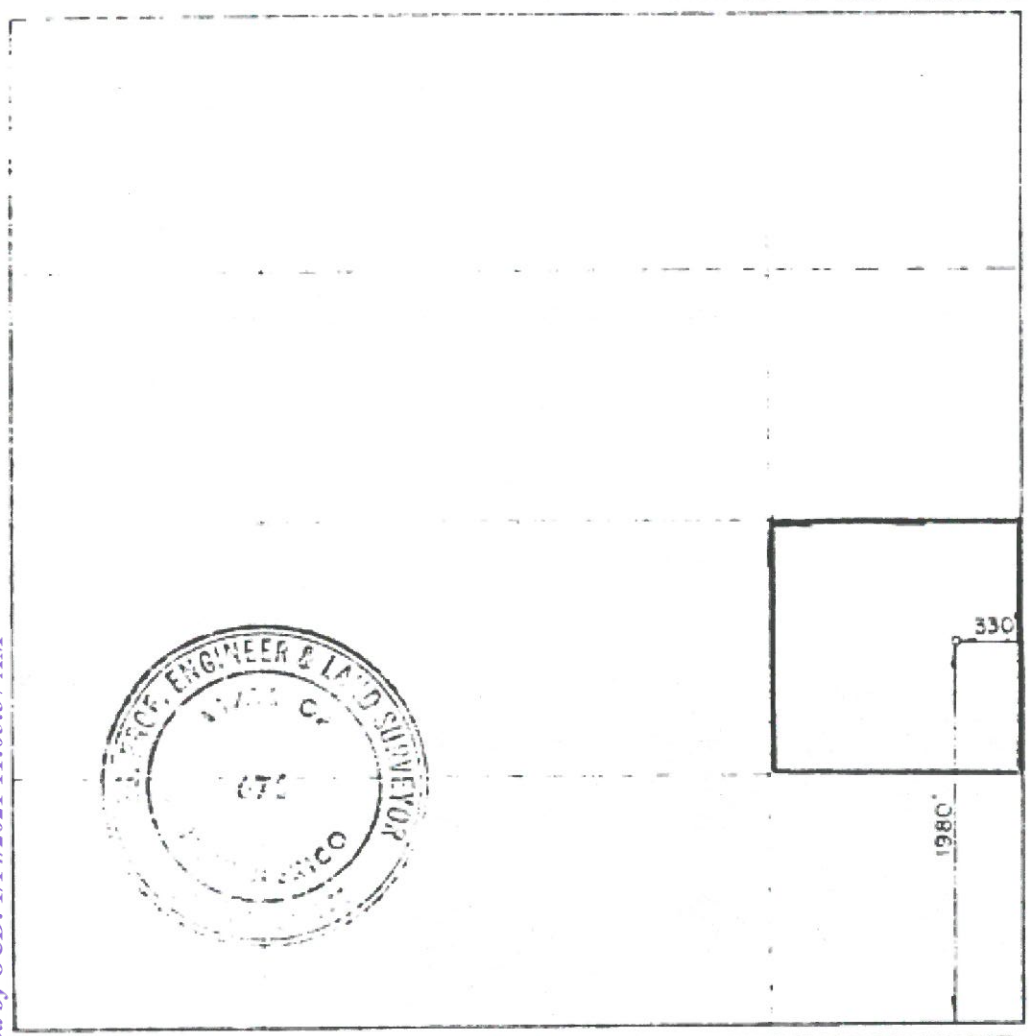
1. This map is to be used to show the location of the well, and to identify the ownership thereof, both as to working interest and ownership of the land on which the well is located.

2. The ownership of the land on which the well is located, and the ownership of the well, have the interests of all parties been considered?

3. The ownership of the well, and the ownership of the land on which the well is located, have the interests of all parties been considered?

4. The ownership of the well, and the ownership of the land on which the well is located, have the interests of all parties been considered?

5. The ownership of the well, and the ownership of the land on which the well is located, have the interests of all parties been considered?



Marshall Bates
Engineering Tech
FAE II Operating, LLC
1/12/2021

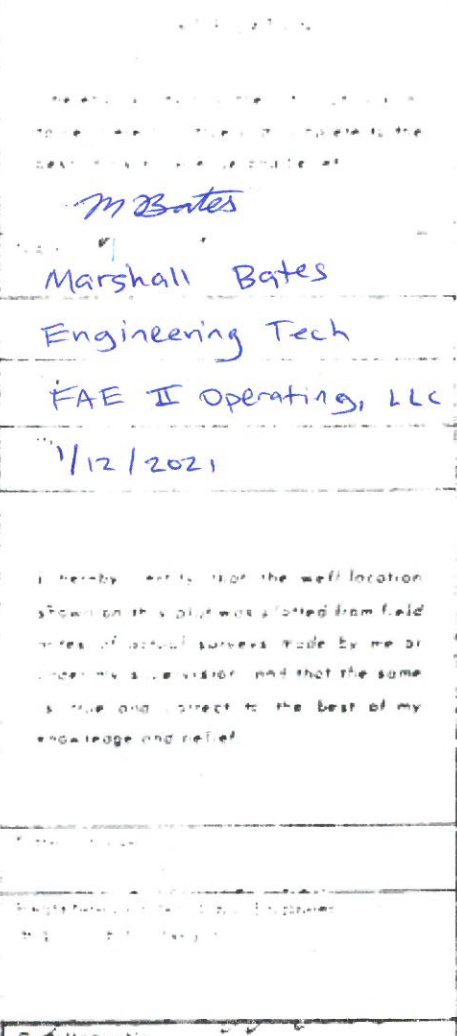
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

3

3254.3 Seven Rivers - Queen Langlie Mattix 40

[illegible]

Article 17 of the 1992 Constitution of the Czech Republic provides that the State shall protect the environment and shall ensure that the environment is not damaged by economic activities. The State shall also ensure that the environment is not damaged by the activities of natural and legal persons. The State shall also ensure that the environment is not damaged by the activities of natural and legal persons. The State shall also ensure that the environment is not damaged by the activities of natural and legal persons.



From: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXT] RE: downhole commingling application DHC-5113
Date: Wednesday, February 3, 2021 3:32:05 PM

Mr. McClure,

Here is the certified mail tracking number: 7020 0640 0000 9346 8348

Thank you!

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

From: [McClure, Dean, EMNRD](#)
Sent: Tuesday, January 19, 2021 5:36 PM
To: [Marshall Bates](#)
Subject: downhole commingling application DHC-5113

Mr. Bates,

I am reviewing the downhole commingling application (DHC-5113) for the Langlie A State #3 (30-025-28067) 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: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Kautz, Paul, EMNRD](#)
Subject: [EXT] RE: downhole commingling applications
Date: Thursday, March 25, 2021 3:52:32 PM

Dean,

Here is where the top of the Queen is for each well according to our Geology department:

Wells A #8 – 3,563 ft.
 Arnott Ramsay NCT-B #1 – 3,429 ft.
 Citgo AS State #4 – 3,705 ft.
 Langlie A State #3 – 3,397 ft.
 Harrison Federal WB #1 – 3,378 ft.

Thank you,

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

From: [McClure, Dean, EMNRD](#)
Sent: Wednesday, March 17, 2021 6:52 AM
To: [Marshall Bates](#)
Cc: [Kautz, Paul, EMNRD](#)
Subject: RE: downhole commingling applications

Actually, it looks like we do have access to logs from IHS, but my search turned up limited logs for these wells. We may have enough for Harrison Federal WB #1 and Citgo AS State #4, but I did not see anything of use for the other 3 wells.

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

From: McClure, Dean, EMNRD
Sent: Wednesday, March 17, 2021 5:19 AM
To: Marshall Bates <marshall@faenergyus.com>
Cc: Kautz, Paul, EMNRD <paul.kautz@state.nm.us>
Subject: downhole commingling applications

Hello Mr. Bates,

Please provide FAE's picks for the top of the Queen formation for the wells listed below. Prior to approval of the C-104 for the second pool being added to these wells, FAE will need to get with Paul and provide him with data sufficient for him to confirm the picks. Alternatively, if you confirm the top with him prior to issuance of the DHC Orders, then you will not need to submit a sundry with the correction at a later date. Regarding the logs for these wells, it is my understanding that we had an agreement with the predecessor to IHS to receive logs from them, but I do not think any discussions have occurred with IHS regarding logs.

Commingling Applications														
Admin	Applicant	OGRID Number	ID	Request Number	Title	API	Allocation	Pending CA	(C) (4) (g)	Infill	Status	Notes	Date	Folder
DHC-5106	FAE II Operating, LLC	329326	14697	pDM2101942023	Wells A 8	30-025-23857	Fixed Percent				Under Review	The top of the Queen not identified	3/8/2021	E:\NM\WORK\DHC\DHC5106
DHC-5108	FAE II Operating, LLC	329326	14702	pDM2101942616	Arnott Ramsay NCT B 1	30-025-11864	Fixed Percent				Under Review	The top of the Queen not	3/8/2021	E:\NM\WORK\DHC\DHC5108

											identified			
DHC-5112	FAE II Operating, LLC	329326	14714	pDM2101943692	Citgo AS State 4	30-025-34486	Fixed Percent				Under Review	The top of the Queen not identified	3/8/2021	E:\NM\WORK\DHC\DHC5112
DHC-5113	FAE II Operating, LLC	329326	14716	pDM2101943934	Langlie A State 3	30-025-28067	Fixed Percent				Under Review	The top of the Queen not identified	3/8/2021	E:\NM\WORK\DHC\DHC5113
DHC-5114	FAE II Operating, LLC	329326	15507	pDM2102555034	Harrison Federal WB 1	30-025-11805	Fixed Percent				Under Review	The top of the Queen not identified	3/8/2021	E:\NM\WORK\DHC\DHC5114

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](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Holm, Anchor E.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5113
Date: Monday, March 29, 2021 5:29:34 PM
Attachments: [DHC5113 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5113 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Langlie A State #3 well (30-025-28067).

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

**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-5113

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: 3/29/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5113**

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

Well Name: **Langlie A State #3**

Well API: **30-025-28067**

Upper Zone

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

Pool ID: **79240**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **0%**

Gas: **10%**

Interval: **Perforations**

Top: **2,638**

Bottom: **3,297**

Intermediate Zone

Pool Name:

Pool ID:

Current:

New:

Allocation:

Oil:

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**

Pool ID: **37240**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **100%**

Gas: **90%**

Interval: **Perforations**

Top: **3,297**

Bottom: **3,367**

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

Top of Queen Formation: **3397**

District I

1625 N. French Dr., Hobbs, NM 88240
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District II

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Phone:(575) 748-1283 Fax:(575) 748-9720

District III

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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 14716

CONDITIONS OF APPROVAL

Operator:			OGRID:	Action Number:	Action Type:
FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	329326	14716	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.