Received by OCD: 2/28/2021 11:46:11 PM

<u>District I</u> 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 S. St Francis Drive Santa Fe, New Mexico 87505

Form C-107-B Revised August 1, 2011

Released to Imaging: 5/17/2021 6:29:22 PM

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

		CE COMMINGL	ING (DIVERSE	OWNERSHIP)	
The second secon	AE II Operating, LLC				
	757 Katy Fwy, Ste. 100	00, Houston, TX 77079			
APPLICATION TYPE:					
☐ Pool Commingling ☐ Lease Con	nmingling Pool and Le	ease Commingling Off-	Lease Storage and Measu	rement (Only if not Surface	Commingled)
LEASE TYPE:		Federal			
Is this an Amendment to existing Have the Bureau of Land Manag	ement (BLM) and State	e Land office (SLO) be	en notified in writing	Order No of the proposed comm	ingling
		POOL COMMING sheets with the follow			
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
33820 Jalmat (Oil)	1.283 BTU	1.475 BTU	\$2.09/MMBTU	\$2,008.49 / Month	0 / Month
79240 Jalmat (Gas)	1.475 BTU		\$2.09/MMBTU		961/Month
					(MMBTU)
Pool Name and Code. Is all production from same soon Has all interest owners been not Measurement type:	Please attach		ing information	0	
Complete Sections A and E.		and LEASE COM sheets with the follow			
	(D) OFF-LEAS	E STORAGE and N	IEASUREMENT		
	Please attached	d sheets with the follow			
Is all production from same souInclude proof of notice to all in		□No			
(1		NFORMATION (fo		pes)	
A schematic diagram of facility A plat with lease boundaries sh Lease Names, Lease and Well I	, including legal location. owing all well and facility			te lands are involved.	
hereby certify that the information a	bove is true and complete	to the best of my knowled	ge and belief.		
IGNATURE: MBates YPE OR PRINT NAME Ma		TITLE: Engi	neering Tech	DATE: 2/1	9/2021
YPE OR PRINT NAME Ma	rshall Bates		TEL	EPHONE NO.: (837	1) 241 - 80
MAIL ADDRESS: March	110 FAFINATA	15 100			

Received by OCD: 2/28/2021 11:46:11 PM

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February 19, 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 Surface Commingle and Sell Gas Production from the Jalmat Gas Pool for the Woolworth #1 Well at the Watkins #3 CTB located in Unit Letter A, Sec. 35, T-24S, R-36E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for surface commingling of gas production from the Jalmat Oil and Gas Pool for its Watkins #3 and Woolworth #1 wells located in Section 35, T-24S, R-36E as shown on the map in Exhibit A. The wells are located on two separate leases. Exhibit B offers further detail on the relevant wells on the leases.

The attached battery diagrams, Exhibits C and D, are accurate schematics of the current facility and the proposed commingled facility, respectively. The Watkins #3 will have a gas allocation meter manufactured and assembled in accordance with American Gas Association specifications. The Woolworth #1 gas production will be determined by subtracting the metered well from the total production measured at the lease custody transfer meter. A new gas flowline will be laid from the Woolworth #1 and tied in to the Watkins #3.

After a review of internal records, the interest owners are not identical for the wells mentioned above. As such, we have notified all relevant parties of our intent to commingle production (see attached letter). The working and royalty interest owners as shown in Exhibit E have been notified of this application by certified mail. Copies of the certified mail receipts are attached as Exhibit F.

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

Exhibit A - Lease Boundaries Map

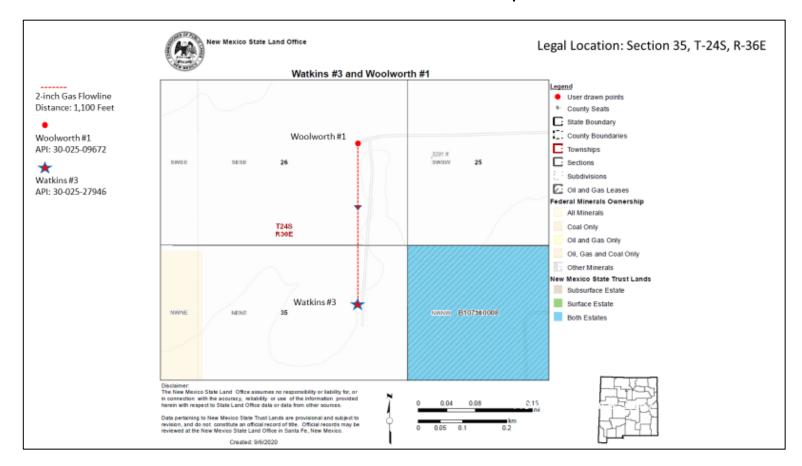
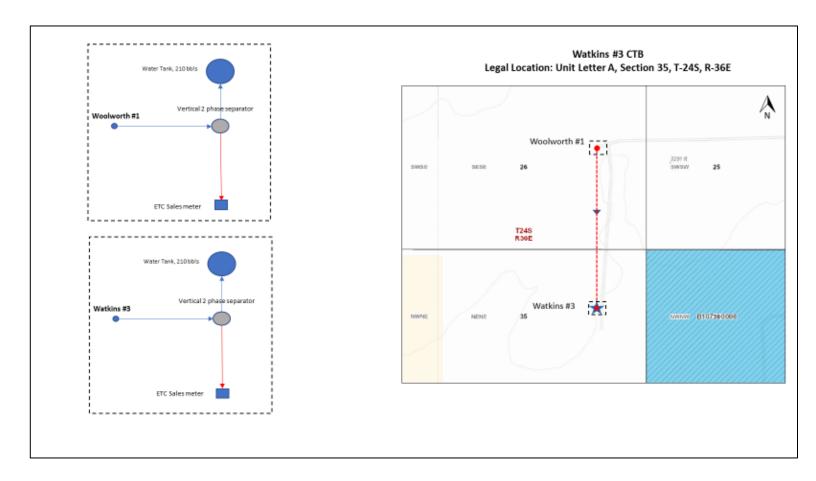


Exhibit B - Lease and Well Information

Well Name	Property No.	API#	Pool ID
Watkins #3	326421	30-025-27946	33820 JALMAT; TAN-YATES-7 RVRS (OIL)
Woolworth #1	326423	30-025-09672	79240 JALMAT; TAN-YATES 7 RVRS (GAS)

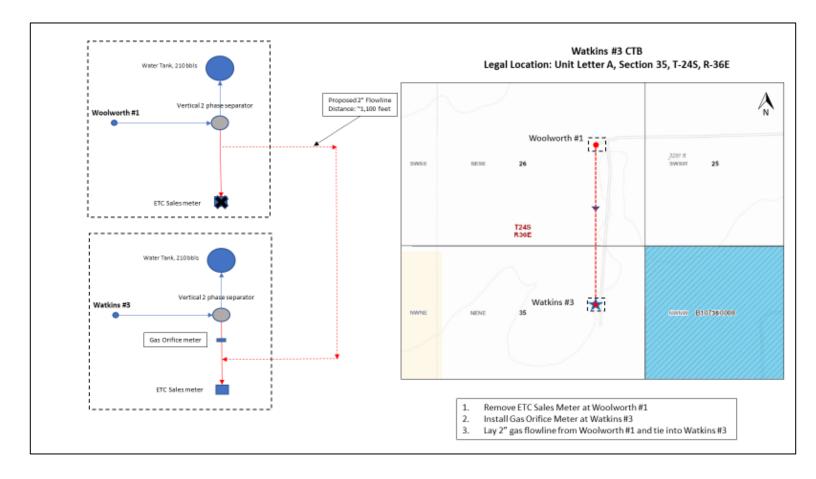
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Exhibit C – Current Facility Layout



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Exhibit D - Proposed Facility Layout



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Exhibit E - Ownership Information

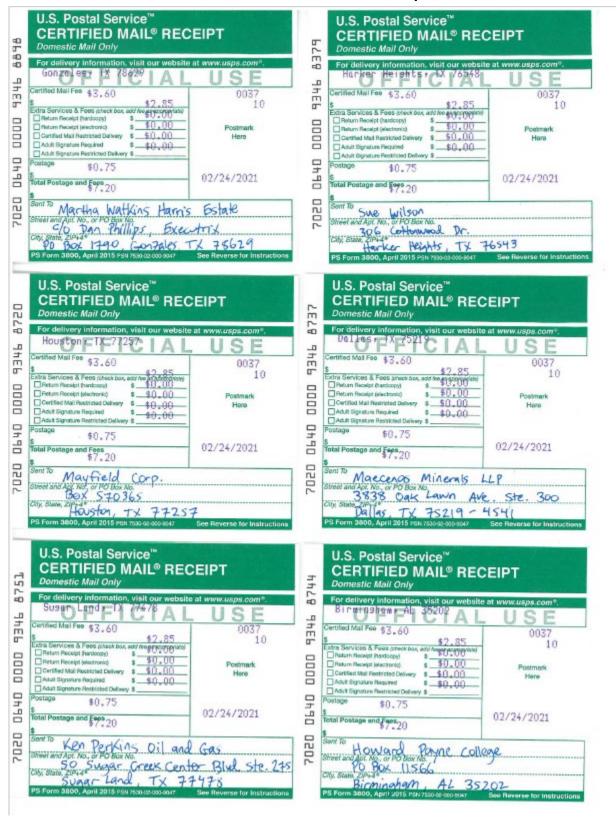
Well Name(s)	Ownership Type	Name	Address
Watkins #3 Woolworth #1	Working	FAE II Operating LLC	11757 Katy Fwy Ste. 1000 Houston,TX 77079-1762
Watkins #3 Woolworth #1	Royalty	Nancy Goldston Herpin	5773 Woodway Dr. #420
Watkins #3	Royalty	Jal Public Library Fund Trustee	Houston, TX 77057-1501 Box 178
Woolworth #1 Watkins #3	Royalty	Martha Watkins Harris Estate	Jal, NM 88252 PO Box 1790
Woolworth #1 Watkins #3	Overriding Royalty	C/O Dan Phillips Executrix Mobil Oil Corporation	Gonzales, TX 78629 PO Box 731917
Woolworth #1 Watkins #3	Royalty	Mrs. Clyde Watkins Miller	Dallas, TX 75373-1917 100 S. Main St. Ste. 215 Duncanville. TX 75116
Woolworth #1 Watkins #3 Woolworth #1	Royalty	Myrtis D Watkins	322 E Main St. Henderson, TX 75652
Watkins #3	Royalty	Andrews Royalty LP	PO Box 12208
Watkins #3	Royalty	Baren Healey Energy LLC	Dallas, TX 75225 PO Box 888 Davis, OK 73030
Watkins #3	Royalty	Constance F Burress	617 Camino Español NW
Watkins #3	Royalty	Doris C Burress Living Trust	Albuquerque, NM 87107 1317 Estancia Avenue Grants, NM 87020-2321
Watkins #3	Royalty	Burke Healey Trust	PO Box 100 Davis, OK 73030
Watkins #3	Royalty	Tom S & Amy D Burress	6018 Kingsbridge Drive San Angelo, TX 76901
Watkins #3	Royalty	Mitchel E. Cheney	PO Box 570083 Houston, TX 77257-0083
Watkins #3	Royalty	Coates Energy Interests Ltd	7373 Broadway Ste. 406 San Antonio, TX 78209
Watkins #3	Royalty	Dorchester Minerals LP	3838 Oak Lawn Ave. Ste. 300 Dallas, TX 75219-4541
Watkins #3	Royalty	Fasken Foundation	PO Box 2024 Midland, TX 79702-2024
Watkins #3	Royalty	Howard Payne College	PO Box 11566 Birmingham, AL 35202
Watkins #3	Royalty	Ken Perkins Oil & Gas	50 Sugar Creek Center Blvd. Ste. 275 Sugar Land, TX 77478
Watkins #3	Royalty	Maecenas Minerals LLP	3838 Oak Lawn Ave. Ste. 300 Dallas, TX 75219-4541
Watkins #3	Royalty	Mayfield Corp	Box 570365 Houston, TX 77257
Watkins #3	Royalty	Money & More, LLC	1633 Hursh Avenue Wichita, TX 76302
Watkins #3	Royalty	Petco LTD	PO Box 911 Breckenridge, TX 76424-0911
Watkins #3	Royalty	Bob Phipps	PO Box 3172 West Somerset, KY 42564
Watkins #3	Royalty	Ram Foundation	2801 Richmond Rd. #30 Texarkana, TX 75503-2123
Watkins #3	Royalty	RSG Properties LTD	2700 Racquet Club Dr. Midland, TX 79705
Watkins #3	Royalty	Spindletop Exploration Co. Inc.	PO Box 25163 Dallas, TX 75225-1163
Watkins #3	Royalty	Sara H Stovall	11900 Barryknoll Lane Apt. 2314 Houston, TX 77024
Watkins #3 Woolworth #1	Royalty	The McDaniel Company	12900 Preston Road, Suite 415 Dallas, TX 75231
Watkins #3 Woolworth #1	Royalty	Marjam Energy, LLC	10440 N. Central Express Way, Suite 1010 Dallas, TX 75231
Watkins #3 Woolworth #1	Royalty	Milagro Resources, LP	415 West Wall Avenue, Suite 1118 Midland, TX 79701

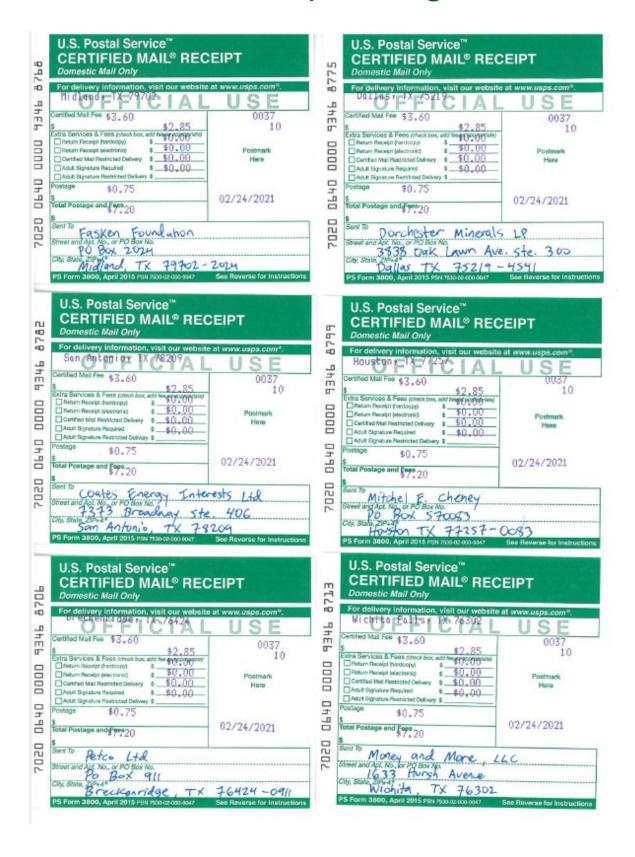
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Exhibit E (continued) – Ownership Information

Well Name	Ownership Type	Name	Address
Watkins #3	Royalty	John F. Special	P.O. Box 369
Woolworth #1			Stillwater, OK 74076
Watkins #3	Royalty	Larry Bond	3501 French Park Drive, Suite G
Woolworth #1			Edmond, OK 73034
Watkins #3	Royalty	Jimmie Eden Jr. Trust	P.O. Box 17
Woolworth #1			Stillwater, OK 74076
Watkins #3	Royalty	Legat LLC	6114 W. Canterbury Drive
Woolworth #1			Stillwater, OK 74074
Woolworth #1	Royalty	Marilyn A Chappell	1405 Van Buskirk Road
			Anderson, IN 46011
Woolworth #1	Royalty	Jeannette Singleton Cloyd	6 Pinewood Circle
			Houston, TX 77024
Woolworth #1	Royalty	Diane L Conner	7 Barton Lane
			Middletown, RI 02842
Woolworth #1	Royalty	Congregation of Divine Providence	515 SW 24 th Street
		Sister Alexia Vinklarek	San Antonio, TX 78207-4619
		Our Lady of the Lake Convent	,
Woolworth #1	Royalty	Walter L Geyer Jr.	4533 Alta Vista Lane
	,,		Dallas, TX 75229
Woolworth #1	Royalty	Gonzales Land & Royalty Co.	PO Box 237
	. to yourly	Conzulos Zuna arriojanij Con	Gonzales, TX 78629
Woolworth #1	Royalty	Mary M Hodge	5930 Royal Lane Ste. E-500
Woolworth // I	royalty	Wary Willougo	Dallas, TX 75230
Woolworth #1	Royalty	Janet Ross Hopkins	6206 Woodcrest Lane
WOOIWOI III // I	rtoyany	duriot 1 todo 1 topitino	Dallas, TX 75214
Woolworth #1	Royalty	Barbara J Johnson	245 Rainbow Dr. #14566
WOOIWOI III # I	rtoyaity	Daibara o domison	Livingston, TX 77399
Woolworth #1	Royalty	Lexington Oil Company	PO Box 237
WOOIWOI III # I	Royalty	Lexington on company	Gonzales, TX 78629
Woolworth #1	Royalty	Marjam Energy, LLC	8150 N. Central Expressway Ste. 1525
WOOIWOI III # I	rtoyaity	Marjam Energy, ELO	Dallas, TX 75206
Woolworth #1	Royalty	Anna K. Mason Bennett	2404 Loring St. #290
WOOIWOI III # I	Royalty	Anna N. Mason Bennett	San Diego, CA 92109
Woolworth #1	Royalty	Walter Mitchell Mason	11905 SW Belvedere Place
WOOIWOITH #1	Royalty	Walter Willoriell Wason	Portland, OR 97225
Woolworth #1	Royalty	Sandra Matthews	220 Merlot Dr.
WOOIWOITH # I	Royalty	Sandra Matthews	Stephenson, VA 22656-2227
Woolworth #1	Royalty	The McDaniel Company	12900 Preston Rd. #415
WOOIWOITH #1	Royalty	The McDanier Company	Dallas, TX 75230
Woolworth #1	Povalty	Pat Finnegan McGowan	2584 Blue Meadow Dr.
WOOIWOITH # I	Royalty	Pat Filliegan McGowan	Temple, TX 76502
Machuarth #1	Develty	Mariaria Dataraan	12431 Montego Plz.
Woolworth #1	Royalty	Marjorie Peterson	
Machine HA	Develter	Danhana F Day	Dallas, TX 75230
Woolworth #1	Royalty	Barbara F Ray	4250 Old Omen Road #6023
10/a a haya mtha 11/4	D14	Names A Desc	Tyler, TX 75707
Woolworth #1	Royalty	Norman A Ross	220 CR 253
VA/	D "	December 11 December 11 C	Fairfield TX 75840
Woolworth #1	Royalty	Russell T Rudy Energy LLC	5701 Woodway Dr. Suite 346
			Houston, TX 77057-1505
Woolworth #1	Royalty	Special Exploration, LLC	PO Drawer 369
			Stillwater, OK 74076
Woolworth #1	Royalty	Sister Regina Triche	9200 New Harmony Road
		Seton Residence	Evansville, IN 47720-8918
Woolworth #1	Royalty	Sue Wilson	306 Cottonwood Dr.
V V JOINVOI III III I	Royalty	OGO VVIIGOTI	Harker Heights, TX 76543
			Transcribigins, 17 70040

Exhibit F - Certified Mail Receipts

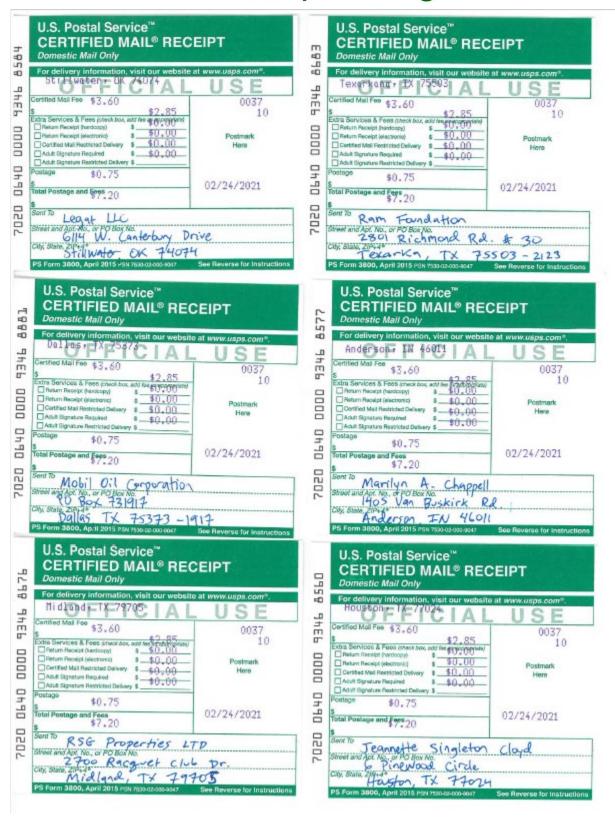




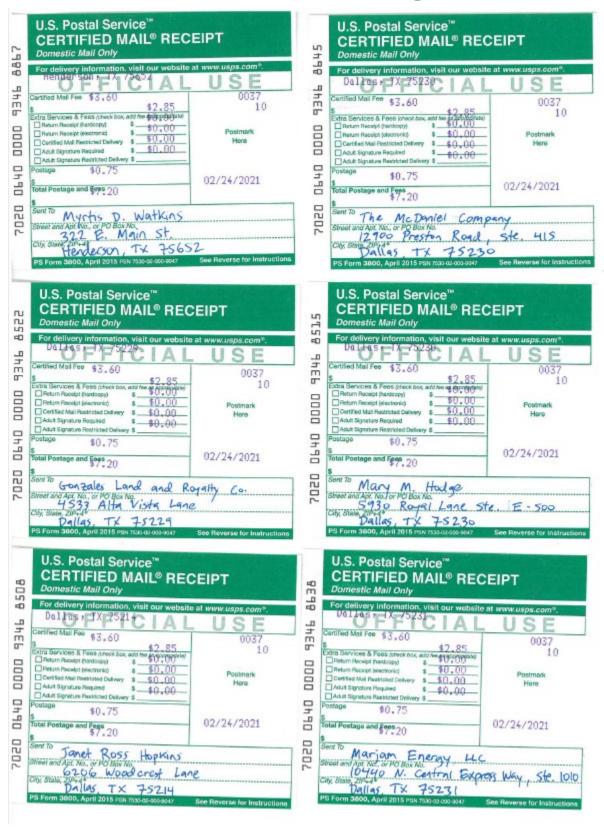














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Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated April 20, 2021 and ending with the issue dated April 20, 2021.

Sworn and subscribed to before me this 20th day of April 2021.

Business Manager

My commission expires

January 29

(Seal)

OFFICIAL SEAL **GUSSIE BLACK** Notary Public State of New Mexico.

My Commission L...

Change is duly qualified to publish and within the This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

LEGAL NOTICE April 20, 2021

Commingling Notification: Interested parties must file objections or requests for hearing in writing with the Oil Conservation Division Santa Fe office within 20 days after publication, or the division may approve the application.
FAE II Operating, LLC
11757 Katy Freeway,
Suite 1000 Houston, TX 77079 832-706-0041 Marshall Bates Location: T24S-R36E, Section 35 and T24S-R36E, Section 26 Facility Location: T24S-R36E, Section 35: NENE Commingling production is pooled from the Jalmatt; Tan-Yates-7 Rivers (GAS - 79240 / OIL - 33820)

67115951

00253251

MARITZA SANTANA FORTY ACRES ENERGY 11757 KATY FREEWAY SUITE 1000 HOUSTON, TX 77079

RECEIVED:	REVIEWER:	TYPE:	APP NO:	
		ABOVE THIS TABLE FOR OCD	DIVISION USE ONLY	
	- Geolog	CO OIL CONSERV jical & Engineerin Francis Drive, San	g Bureau –	TO NEW VOICE
	ADMINIS1	RATIVE APPLICAT	ION CHECKLIST	
THIS C	CHECKLIST IS MANDATORY FOR	all administrative applic		
Applicant: FAE II OF			OGRID	Number: <u>329326</u>
Vell Name: Watking	s #3		API: 30-0	
Ool: Jalmat			Pool C	ode: 33820
SUBMIT ACCURA	ATE AND COMPLETE IN	NFORMATION REQUINDICATED BEL		HE TYPE OF APPLICATION
A. Location	CATION: Check those - Spacing Unit - Simu	e which apply for [/ ultaneous Dedication	^]	D
[1] Com [[11] Injec	ne only for [1] or [11] mingling – Storage – I DHC	PLC \square PC \square (sure Increase – Enh	OLS	y FOR OCD ONLY
A. Offset B. Royalt C. Applic D. Notific E. Surfac G. For all	operators or lease had overriding royalty of cation requires publish cation and/or concurred owner of the above, proof	olders owners, revenue of ned notice trent approval by S trent approval by B	wners LO LM	Notice Complete Application Content Complete
3) CERTIFICATION administrative understand th	tice required I: I hereby certify tha approval is accurate at no action will be to re submitted to the D	and complete to aken on this applic	the best of my know	vledge. I also
No	ote: Statement must be comp	leted by an individual wit	h managerial and/or supe	rvisory capacity.
			7 /2/222	
Marshall Bates			5/3/2021 Date	
Print or Type Name			832-706-0041	
			Phone Number	
Marshall Bates Signature	Digitally signed by Marshall Bates Date: 2021.05.03 15:48:26 -05'00		Marshall@FAEnerg	yus.com

From: <u>Engineer, OCD, EMNRD</u>

To: Marshall Bates

Cc: McClure, Dean, EMNRD; Simmons, Kurt, EMNRD; Hawkins, James , EMNRD; Bratcher, Mike, EMNRD; Kautz, Paul,

EMNRD; Powell, Brandon, EMNRD; lisa@rwbyram.com

Subject: Approved Administrative Order PLC-744

Date: Monday, May 17, 2021 6:04:46 PM

Attachments: PLC744 Order.pdf

NMOCD has issued Administrative Order PLC-744 which authorizes FAE II Operating, LLC (329326) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	Location (NMPM)	Pool Code
30-025-27946	Watkins #3	A-35-24S-36E	33820
30-025-09672	Woolworth #1	P-26-24S-36E	79240

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 SURFACE COMMINGLING SUBMITTED BY FAE II OPERATING, LLC

ORDER NO. PLC-744

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

- 1. FAE II Operating, LLC ("Applicant") submitted a complete application to surface commingle and off-lease measure the gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
- 2. Applicant proposed a method to allocate the gas production to the pools, leases, and wells to be commingled.
- 3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
- 4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
- 5. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
- 6. Applicant certified the commingling of gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the gas production to less than if it had remained segregated.

CONCLUSIONS OF LAW

- 7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
- 8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
- 9. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.

Order No. PLC-744 Page 1 of 3

- 10. Commingling of gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
- 11. 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 surface commingle and off-lease measure gas production from the pools, leases, and wells identified in Exhibit A.
- 2. Gas production for Watkins No. 3 (30-025-27946) shall be allocated using allocation meters. The gas production allocated to Woolworth No. 1 (30-025-09672) shall be equal to the total commingled gas production minus the gas production allocated to Watkins No. 3 (30-025-27946).
- 3. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
- 4. Applicant shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless of whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
- 5. Applicant shall calibrate the meters used to measure or allocate gas production in accordance with 19.15.12.10(C)(2) NMAC.
- 6. If the commingling of gas production from any pool, lease, or well reduces the value of the commingled 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 surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose gas production 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.
- 7. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 8. 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.

Order No. PLC-744 Page 2 of 3

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

ADRIENNE SANDOVAL DIRECTOR AS/dm

DATE: _____5/17/2021

Order No. PLC-744 Page 3 of 3

State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-744

Operator: FAE II Operating, LLC (329326)

Central Tank Battery: Watkins 3 Battery

Central Tank Battery Location (NMPM): Unit A, Section 35, Township 24 South, Range 36 East Gas Custody Transfer Meter Location (NMPM): Unit A, Section 35, Township 24 South, Range 36 East

Pools		
Pool Name	Pool Code	
JALMAT; TAN-YATES-7 RVRS (GAS)	79240	
JALMAT; TAN-YATES-7 RVRS (OIL)	33820	

Leases as defined in 19.15.12.7(C) NMAC		
Lease	Location (NI	MPM)
Fee	NE/4 NE/4	Sec 35-T24S-R36E
Fee	S/2 SE/4	Sec 26-T24S-R36E

	We	lls		
Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-27946	Watkins #3	A-35-24S-36E	33820	
30-025-09672	Woolworth #1	P-26-24S-36E	79240	

<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720 District III
1000 Rio Brazos Rd., Aztec, NM 87410

Phone:(505) 334-6178 Fax:(505) 334-6170 1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. **Santa Fe, NM 87505**

CONDITIONS

Action 19213

CONDITIONS OF APPROVAL

Operator:			OGRID:	Action Number:	Action Type:
FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	329326	19213	C-107B

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.