•

RECEIVED:	REVIEWER:	TYPE:	APP NO:	
	NEW MEXIC - Geologic 1220 South St. Fr	ABOVE THIS TABLE FOR OCD I O OIL CONSERV Cal & Engineering ancis Drive, Sant	ATION DIVISION g Bureau – ra Fe, NM 87505	
	ADMINISTR	ATIVE APPLICATI	ON CHECKLIST	
THIS	CHECKLIST IS MANDATORY FOR AL REGULATIONS WHICH RE	L ADMINISTRATIVE APPLIC. QUIRE PROCESSING AT THE	ATIONS FOR EXCEPTIONS TO DIVISION RULES AND E DIVISION LEVEL IN SANTA FE	
pplicant: FAE II O	Operating, LLC		OGRID Number: 329326	
ell Name: Dyer	#003		API: <u>30-025-11855</u>	
Dol: Jalmat (Gas)			Pool Code: 79240	
SUBMIT ACCUR) TYPE OF APPL A. Location	ATE AND COMPLETE INF ICATION: Check those a – Spacing Unit – Simult	ORMATION REQU INDICATED BELC which apply for [A aneous Dedicatio	IRED TO PROCESS THE TYPE OF APPLICA DW N]	ATION
 B. Check of [1] Com [II] Injen [II] Com [II] C	Dhe only for [1] or [1] mmingling – Storage – M DHC CTB Pl ction – Disposal – Pressu WFX PMX SN N REQUIRED TO: Check t operators or lease hold Ity, overriding royalty ov ication requires published cation and/or concurred cation and/or concurred N: I hereby certify that the capproval is accurate on the approval is accurate on the a	easurement C PC C re Increase – Enha WD IPI E those which apply ders wners, revenue ov ed notice ent approval by SL ent approval by SL ent approval by BL the information or put the information su and complete to face	DLS OLM anced Oil Recovery OR PPR /. vners DUS DLS FOR OCD C FOR OCD C PR PR POR OCD C Notice Complete Application Content Content Complete DUS DUS Notice Complete DUS DUS DUS Notice Complete DUS DUS DUS DUS DUS DUS DUS DUS DUS DUS	plete
notifications of	are submitted to the Div	ision.		a
N	lote: Statement must be comple	ted by an individual with	n managerial and/or supervisory capacity.	
David Schellstede			Date	
rint or Type Name				
			832-220-3202	
1.1	11-		Phone Number	
pv /s	succ	CPD	David@FAEnergyus.com	
Signature			e-mail Address	

Page 1 of 17

District I ch Drive, Hobbs, NM 88240

District II Artesia, NM 88210

District III ad, Aztec, NM 87410

District IV

Dage 2 of 17

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 X Single Well Establish Pre-Approved Pools EXISTING WELLBORE _X_ Yes __No

APPLICATION FOR DOWNHOLE COMMINGLING

FAE	II O	perating,	LL	C
-----	------	-----------	----	---

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

Operator Dyer		3	Н	Address -31-25S-37E			Lea	
Lease		Well No.	Unit Let	ter-Section-Township	-Range		County	
329	9326	329826	3	80-025-11855				X
OGRID No.	Property Code		API No		Lease Type:	Federal	State	Fee
DATA E	LEMENT	UPPE	R ZONE	INTERM	EDIATE ZONE	LO	WER ZON	E

Pool Name	Jalmat		Langlie Mattix
Pool Code	79240 33820 79240		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,778 – 3,340'		3,340' – 3,550'
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)	35.0API / 1.421 BTU		35.0 API / 1.421 BTU
Producing, Shut-In or New Zone	Producing		New Zone
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% 3%	Oil Gas % %	Oil Gas 100 % 97 %
		1	

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes_ Yes_	_X	No No
Are all produced fluids from all commingled zones compatible with each other?	Yes_	_X_	_No
Will commingling decrease the value of production?	Yes_		No_X
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_	_X_	_No
NMOCD Reference Case No. applicable to this well:			

Attachments:

Received by OCD: 2/14/2021 4:24:22 PM

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	Bate	3
-----------	---	------	---

TITLE Engineering Tech

Marshall@ FAEnergyUS. com E-MAIL ADDRESS

DATE 2/11/2021

fae operating

February 10, 2021

VIA ONLINE FILING

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

Re: Application of FAE II Operating, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Jalmat and Langlie Mattix Pools for the Dyer #003 well located in Sec. 31, T-25S, R-337E, 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 Dyer #003 well located in Unit Letter H, Section 31, T-25S, R-37E, 1,650 feet FNL and 330 feet FEL, as shown in the attached C-102's for each zone.

The Dver #003 is currently open to the Yates-Seven Rivers interval, which translates to the JALMAT pool [Pool ID: 79240]. The production curve for this interval is shown in Exhibit A. To develop a forecast for this zone, a decline curve was utilized based on the aforementioned historical production.

The zone that does not have production history in the Dyer #003 is the Seven Rivers-Queen, which translates to the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a forecast for this zone, four (4) surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the Dyer #003 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 Dyer #003 proved that an IP of 3.3 BOPD and 68.2 MCFPD is the expected total, and of that, 3.3 BOPD and 65.8 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 2.3 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,

Received by OCD: 2/14/2021 4:24:22 PM Bates

1 | Pag

Exhibit A – Historical and Forecast Production in the Current Zone



Exhibit B – Historical Average Production in the Proposed Zone



Exhibit C – Historical Production and Decline Curve

Avg P	Surrounding Wells Averaged Rates g Prod: Langlie-Mattix; Seven Rivers-Queen					DYER #3 Historical Prod: Jalmat; Yates-Seven Rivers				Synthetic D	ecline Curve	2
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)
3/1/2000	136	837	241	4	6/1/2015		101	-	1	99.2	2,072	235
4/1/2000 5/1/2000	120	898	207	4	7/1/2015 9/1/2015		93	-	2	98.7	2,067	235
6/1/2000	123	912	214	4	9/1/2015		87	_	4	97.8	2,002	234
7/1/2000	132	921	222	4	10/1/2015		90	_	5	97.3	2,057	233
8/1/2000	122	875	224	4	11/1/2015		89	64	6	96.8	2,046	231
9/1/2000	132	821	205	4	12/1/2015		77	-	7	96.4	2,041	231
10/1/2000	115	625	208	4	1/1/2016		61		8	95.9	2,036	230
11/1/2000	133	538	198	4	2/1/2016		71		9	95.5	2,031	229
12/1/2000	138	614	193	4	3/1/2016		46		10	95.0	2,026	228
1/1/2001	101	536	126	5	4/1/2016		33		11	94.6	2,021	228
2/1/2001	82	455	101	5	5/1/2016		47		12	94.1	2,016	227
3/1/2001	105	778	144	5	6/1/2016		71		13	93.7	2,011	226
4/1/2001	90	651	162	5	7/1/2016		72		14	93.2	2,006	225
5/1/2001	95	636	168	5	8/1/2016		77		15	92.8	2,001	225
6/1/2001	78	460	152	5	9/1/2016		87		16	92.3	1,996	224
7/1/2001	119	745	148	5	10/1/2016		83		17	91.9	1,991	223
8/1/2001	100	1,598	264	4	11/1/2016		63		18	91.4	1,986	222
9/1/2001	120	3,166	310	4	12/1/2016		34		19	91.0	1,981	222
10/1/2001	139	5,259	259	4	1/1/2017		-	-	20	90.6	1,976	221
11/1/2001	128	4,922	327	3	2/1/2017		25	-	21	90.1	1,971	220
12/1/2001	128	4,205	354	3	3/1/2017		19	-	22	89.7	1,966	220
1/1/2002	134	3,933	387	3	4/1/2017		13	-	23	89.3	1,961	219
2/1/2002	102	2,590	224	3	5/1/2017		49	-	24	88.8	1,956	218
3/1/2002	111	3,301	322	3	6/1/201/		80	-	25	88.4	1,951	217
4/1/2002	104	2,783	298	3	//1/201/		//	-	26	88.0	1,947	217
5/1/2002	100	3,051	312	3	8/1/2017		110	-	2/	87.0	1,942	210
7/1/2002	105	3,344	300	3	9/1/2017		119	-	28	87.2	1,937	215
9/1/2002	100	3,130	200	3	10/1/2017		114	-	29	00.7	1,952	215
9/1/2002	104	5,140 2 778	200	2	12/1/2017		129	- 50	30	00.5 85 G	1,927	214
10/1/2002	104	2,770	300	3	1/1/2018		3		32	85.5	1,522	213
11/1/2002	92	2,005	256	3	2/1/2018		-		33	85.1	1 913	212
12/1/2002	100	2,749	313	3	3/1/2018		-		34	84.7	1.908	211
1/1/2003	100	2,384	256	3	4/1/2018		24		35	84.3	1.903	210
2/1/2003	70	2,059	224	3	5/1/2018		116		36	83.9	1,899	210
3/1/2003	95	2,301	239	3	6/1/2018		123		37	83.5	1,894	209
4/1/2003	97	2,202	192	3	7/1/2018		132		38	83.1	1,889	208
5/1/2003	97	2,261	196	3	8/1/2018		119		39	82.7	1,884	208
6/1/2003	83	2,167	190	3	9/1/2018		104		40	82.3	1,880	207
7/1/2003	98	2,183	200	3	10/1/2018		70		41	81.9	1,875	206
8/1/2003	103	2,153	196	3	11/1/2018		69		42	81.5	1,870	206
9/1/2003	92	2,040	189	3	12/1/2018		76		43	81.1	1,866	205
10/1/2003	103	2,280	196	3	1/1/2019		75		44	80.7	1,861	204
11/1/2003	98	1,935	190	3	2/1/2019		87		45	80.3	1,856	204
12/1/2003	85	1,946	193	3	3/1/2019		93		46	80.0	1,852	203
1/1/2004	96	1,941	204	3	4/1/2019		92		47	79.6	1,847	202
2/1/2004	96	1,800	217	3	5/1/2019		90		48	79.2	1,842	202
3/1/2004	97	1,800	180	3	6/1/2019		84		49	78.8	1,838	201
4/1/2004	86	1,822	182	3	//1/2019		71		50	78.4	1,833	200
5/1/2004	96	1,894	219	3	δ/1/2019 0/1/2010		110		51	/8.1	1,829	200
7/1/2004	89	1,722	16/	3 ว	9/1/2019		1/9		52	//./	1,824	109
8/1/2004	00 0F	1,020	210	5 2	11/1/2019		- 04		55	76.0	1,020	100
9/1/2004	55 20	1 680	260	2 2	12/1/2019		90 77		54	76.9	1 810	190
10/1/2004	90 90	1 682	250	3 2	1/1/2019		51		55	76.0	1 806	196
11/1/2004	89	1 580	207	3	2/1/2020		51		57	75.2	1 801	196
12/1/2004	91	1.615	269	3	3/1/2020		25		58	75.5	1.797	195
1/1/2005	86	1.550	269	3	4/1/2020		112		59	75.1	1.792	194
2/1/2005	81	1.326	240	3	5/1/2020		102		60	74.8	1.788	194
3/1/2005	87	1.377	254	3	6/1/2020		-				-,. 20	
4/1/2005	83	1,573	254	3	7/1/2020		54					
5/1/2005	86	1,593	242	3	8/1/2020		83					
6/1/2005	79	1,503	234	3	9/1/2020		92					
7/1/2005	62	1,476	241	3	10/1/2020		61					
8/1/2005	-	-	-	0	11/1/2020	-	-	-				

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	2.3	0.1
Langlie Mattix	Seven Rivers-Queen	3.3	65.8	7.7
	Total	3.3	68.2	7.7
Jalmat	Yates-Seven Rivers	0%	3%	1%
Langlie Mattix	Seven Rivers-Queen	100%	97%	99%
	Total (%)	100%	100%	100%

NE VEXICO OIL CONSERVATION COMMISSI WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102 Supersedes C-128 Effective 1-1-65

		All distances must b	e from the outer boundaries of	the Section.	
Of erator		Sec. 1.1.c	Leose :		Well No.
+A	E IL Operat	ing, LLC	Dyer		3
Unit Letter	Section	Township	Han 36	County	
H Actual Postane Loa	31	25-S	37-E	Lea	
330	feet for the state	oact	1000		
Ground Level Ellev.	Finducing For	EdSL Isia de	I IDDU tee	tion the north	line
2998	Unne	or Vator	lalmat Car		Dedicated Acreage:
1 0 1 1		1 10003	j varmat das		IDU Acres
 If more the interest an If more that 	an one lease is d roya' ` n one lease of di	dedicated to the w fferent ownership i	well by colored pencil o ell, outline each and ide s dedicated to the well,	or hachure marks on the ownership the have the interests of	he plat below, hereof (both as to working all owners been consoli-
dated by co Yes If answer i this form if	ommunitization, u No If an s **no;" list the c 'necessary.)	nitization, force-poo swer is "yes," type owners and tract de	oling.etc? of consolidation scriptions which have ac	ctually been consolidate	ated. (Use reverse side of
No allowab forced-pool sion.	le will be assigne ing, or otherwise)	d to the well until ; or until a non-stand	all interests have been o ard unit, eliminating suc	onsolidated (by com h interests, has been	munitization, unitization, approved by the Commis-
	1		1		CERTIFICATION
		-	# 3	t hereby a tained her best of my Mano Eng Fast Company 2/11 Date	ertify that the information con- tein is true and complete to the knowledge and belief. Bates incering Tech I Operating, Lic 12021
			byer		
				l hereby shown on t notes of a under my s is true or knowledge	certify that the well location this plat was plotted from field inclual surveys made by me or impervision, and that the same of correct to the best of my and belief.
				Exite Surveye Registered P and/or Land	d rotvanional Engineer Surveyor
0 330 6h0 at	1920 (23.1) 1980	2310 2040 200		Certificate No	o

Received by OCD: 2/14/2021 4:24:22 PM

L

.

NE 'EXICO OIL CONSERVATION COMMISSI. WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102 Supersedes C+128 Effective 1-1-65

	All dis	tances must be from th	e outer houndaries of	the Section	t.	
Of erator	operties 110	t.eas	-e			Well No.
FAEIL	Operating, Lee	D	lyer			3
U U	Township		Hange	County		
Actual Festage Locati	on of Wells)-5	3/-E	L	ea	and the second
330	feet from the east	line and	1650	an daram at a	north	
Ground Level Ellev.	Froducing Formation	Peel	1000 18	st much the	Dedic	line uted Acreaue:
2998	Seven Rivers -	Queen	Langlie M	attix		160
1. Outline the	acreage dedicated to th	e subject well by	colored pencil o	or hachure	marks on the pla	t helow
2. If more than interest and	one lease is dedicate roya'' '	d to the well, out	line each and ide	entify the	ownership thereof	f (both as to working
dated by com	one lease of different of munifization, unifizatio	wnership is dedic n, force-pooling.e "yes," type of con	ated to the well, te? solidation	have the	interests of all o	wners been consoli-
If answer is this form if n No allowable forced-poolin sion.	"no," list the owners a ecessary.) will be assigned to the g, or otherwise) or until a	nd tract descriptio well until all inter non-standard unit	ests have been o t, eliminating suc	ctually be consolidat h interest	en consolidated. ed (by communit s, has been appro	Use reverse side of ization, unitization, oved by the Commis-
	I	1	l		CER	TIFICATION
			1			
			i i		I hereby certify t	that the information con-
			1	1	tained herein is	true and complete to the
			1	I	best of my knowl	edge and belief.
			1		mpar	ter
			1			
ware warmen werden stande inche seen	- +				Engineed	no Tech
	1		1	.	Fosition	
	1		# 3	· 宋	FAE IL	operating LLC
	1		i		Company	
	1		1		2/11/20	21
			1	- 1	Date	
			Duon			
			uyer			
	1		1			
	1) ~ ~	1.1	I hereby certify	that the well location
			1		shown on this plo	t was plotted from field
					notes of actual s	orveys made by me or
	5				under my supervis	sion, and that the same
			1		is twe and corn	ect to the best of my
			4		knowledge and be	lief.
		· · · · · · · · · · · · · · · · · · ·		[
	1		1			
			i .		Enter Surveyed	
			ì			
			1		Registered Frotrasp and/or Lend Sus	onal Engineer
			I			a
	1		l			
		Part States	Party and a second second		Certificate No.	
330 650 20	1320 1660 1980 2310 14			- and the setting		

Received by OCD: 2/14/2021 4:24:22 PM

÷



February 3, 2021

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

Re: Dyer #003: API 30-025-11855 Jalmat Pool: 79240 Langlie Mattix Pool: 37240

Dear Mr. McClure:

as notice that the operator and interest owners are identical for the pools listed above. 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

at steven@faenergyus.com. If you have any questions, please feel free to contact the undersigned phone at (832) 220-9188 or by email

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC

Steven Lehrbass Land

1 | Page

From:	Engineer, OCD, EMNRD
То:	Marshall Bates
Cc:	McClure, Dean, EMNRD; Bratcher, Mike, EMNRD; Kautz, Paul, EMNRD; Hawkins, James , EMNRD; Powell, Brandon, EMNRD; lisa@rwbyram.com
Subject:	Approved Administrative Order DHC-5123
Date:	Friday, July 2, 2021 4:50:38 PM
Attachments:	DHC5123 Order.pdf

NMOCD has issued Administrative Order DHC-5123 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Dyer #3 well (30-025-11855).

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. If you have any questions regarding this matter, please contact me.

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 COMMINGLINGSUBMITTED BY FAE II OPERATING, LLCORDER NO. DHC-5123

<u>ORDER</u>

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

Order No. DHC-5123

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.

<u>ORDER</u>

- 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 Well is deepened, then Applicant shall conduct and, no later than forty-five (45) days after the Well is deepened, provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
- 6. 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.
- 7. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant

Order No. DHC-5123

shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

- 8. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
- 9. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

E SANDOVAL DIRECTOR AS/dm

DATE: 7/02/2021

.

	Exhibit A		
	Order: DHC-5123		
	Operator: FAE II Operating,	LLC (329326)	
	Well Name: Dyer #3		
	Well API: 30-025-11855		
	Pool Name: JALMAT;TAN-YAT	ES-7 RVRS (GAS)	
Linner Zene	Pool ID: 79240	Current: X	New:
Opper Zone	Allocation: Fixed Percent	Oil: 0%	Gas: 3%
	Interval: Perforations	Top: 2,778	Bottom: 3,340
	Pool Name:		
Internetiste Zene	Pool ID:	Current:	New:
Intermediate Zone	Allocation:	Oil:	Gas:
	Interval:	Тор:	Bottom:
Bottom of Inter	val within 150% of Upper Zone's To	op of Interval:	
	Pool Name: LANGLIE MATTIX;	7 RVRS-Q-GRAYBURG	
Louise Zono	Pool ID: 37240	Current:	New: X
Lower Zone	Allocation: Fixed Percent	Oil: 100%	Gas: 97%
	Interval: Perforations	Top: 3,340	Bottom: 3,550
Bottom of Inter	val within 150% of Upper Zone's To	op of Interval: YES	
	Top of Queen: 3440		

State of New Mexico Energy, Minerals and Natural Resources Department

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

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 1000	Action Number:
Houston, TX 77079	18012
	Action Type:
	[C-107] Down Hole Commingle (C-107A)

CON	IDI	ГЮ	NS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	7/2/2021

Page 17 of 17