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	1220 South St. Fro	ancis Drive, Sant	a Fe, NM 8/505
	ADMINISTR	ATIVE APPLICATI	
THIS (CHECKLIST IS MANDATORY FOR AL REGULATIONS WHICH RE		ATIONS FOR EXCEPTIONS TO DIVISION RULES AND EDIVISION LEVEL IN SANTA FE
Applicant: FAE II O	perating, LLC		OGRID Number: 329326
Vell Name: ROG			API: 30-025-11874
ool: JALMAT; TAN-Y	ATES-7 RVRS (GAS)		Pool Code: 79240
SURMIT ACCUR	ATE AND COMPLETE INF	ORMATION REQUI	RED TO PROCESS THE TYPE OF APPLICAT
JODANI ACCOR	AIL AND COMILLIE IN	INDICATED BELO	
1) TYPE OF APPLI	CATION: Check those	which apply for [A	1
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1	NSL NSP _{(PR}	OJECT AREA)	P(PRORATION UNIT) SD
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F. Surfac			
		f notification or pu	ublication is attached, and/or,
H. No no	otice required		
3) CERTIFICATION	N: I hereby certify that	the information su	bmitted with this application for
*			the best of my knowledge. I also
			ation until the required information and
notifications o	are submitted to the Div	rision.	
N	ote: Statement must be comple	ted by an individual with	n managerial and/or supervisory capacity.
			2/3/2021
David Schellstede			Date
Print or Type Name			
			(832) 220-3202
11/1	7		Phone Number
WV S	n		David@FAEnergyus.com
Sianature			e-mail Address

District I nch Drive, Hobbs, NM 88240

District II . Artesia, NM 88210

District III Road, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department

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

Form C-107A Revised August 1, 2011

APPLICATION TYPE X Single Well Establish Pre-Approved Pools **EXISTING WELLBORE** __X__ Yes ____No

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC 11757 Katy Fwy. Ste. 1000, Houston, TX 77079								
Operator				Address				
R O Gregory	v	3	M-		Lea			
Lease		Well No.	Unit Lett	er-Section-Township-	Range	4:	County	
	329326	326404	3	0-025-11874		\boldsymbol{X}		
OGRID No.	Pro	perty Code	API No.		_ Lease Type:	Federal _	State	Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE		
Pool Name	Jalmat		Langlie Mattix		
Pool Code	79240		37240		
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,610 – 3,140'		3,140' – 3,285'		
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 / 1.348 BTU		35.0 API / 1.348 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	Oil Gas	Oil Gas	Oil Gas		
than current or past production, supporting data or explanation will be required.)	0 % 81 %	% %	100 % 19 %		

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?			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:

SIGNATURE

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.

TYPE OR PRINT NAME Marshall Bates

TITLE Engineering Tech DATE 2/11/2021 TELEPHONE NO. (832) 241 - 8080

Marshall @ FAEnergyus. com E-MAIL ADDRESS___

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Received by OCD: 2/14/2021 4:32:46 PM

fae I 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 R O Gregory #003 well located in Sec. 33, 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 R O Gregory #003 well located in Unit Letter M, Section 33, T-25S, R-37E, 330 feet FSL and 660 feet FWL, as shown in the attached C-102's for each zone.

The R O Gregory #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 R O Gregory #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 R O Gregory #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 R O Gregory #003 proved that an IP of 4.2 BOPD and 36.9 MCFPD is the expected total, and of that, 4.2 BOPD and 7.1 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 29.8 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.

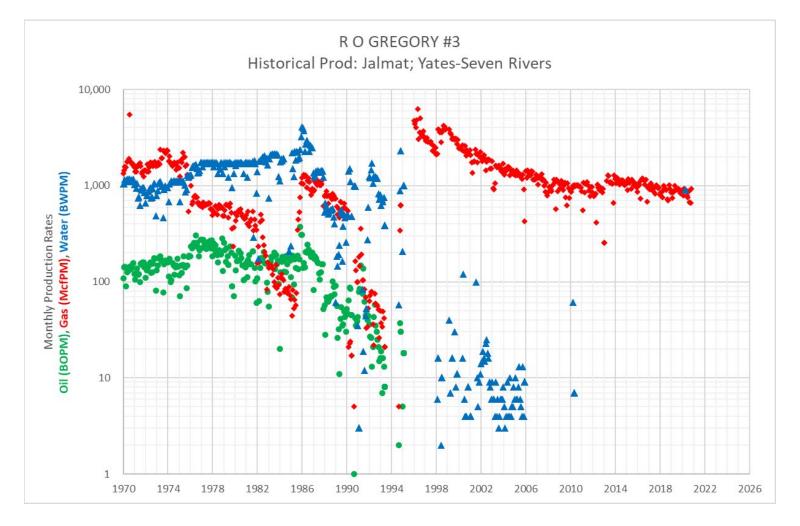
Very truly yours,

AE II Operating, LLC

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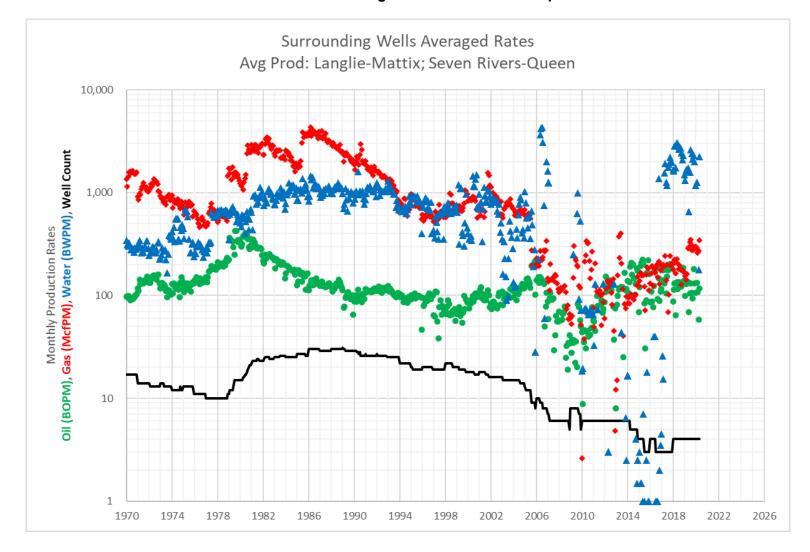
fae I operating

Exhibit A - Historical and Forecast Production in the Current Zone



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Exhibit B - Historical Average Production in the Proposed Zone



fae∏operating

Exhibit C - Historical Production and Decline Curve

Date 6/1/20 7/1/20 8/1/20 9/1/20 10/1/20	15 84 15 33	Avg Gas (McfPM)	Avg Water (BWPM)	Well		A 0"						
7/1/20 8/1/20 9/1/20 10/1/20	15 84 15 33	156	(DAALIAI)	Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
8/1/20 9/1/20 10/1/20	15 33		7	4	6/1/2015		920		1	128.4	1,123	1,260
9/1/20 10/1/20			1	3	7/1/2015		1,150		3	127.8	1,120	1,256
10/1/20	15 90		3	3	8/1/2015 9/1/2015		1,099 1,009		4	127.2 126.6	1,117 1,115	1,252 1,247
			18	3	10/1/2015		1,051		5	126.0	1,112	1,243
11/1/20			1	3	11/1/2015		990		6	125.4	1,109	1,239
12/1/20	15 163	112	1	3	12/1/2015		948		7	124.8	1,106	1,235
1/1/20			1	4	1/1/2016		861		8	124.2	1,104	1,231
2/1/20			1	4	2/1/2016		1,062		9	123.6	1,101	1,227
3/1/20			1	4	3/1/2016		1,008		10	123.0	1,098	1,223
4/1/20 5/1/20			40	4	4/1/2016 5/1/2016		735 1,145		11 12	122.4 121.8	1,095 1,093	1,219 1,215
6/1/20			40	4	6/1/2016		1,145		13	121.2	1,090	1,213
7/1/20			1	3	7/1/2016		1,168		14	120.7	1,087	1,207
8/1/20		199	1	3	8/1/2016		1,134		15	120.1	1,084	1,203
9/1/20	16 92	151	1	3	9/1/2016		1,025		16	119.5	1,082	1,199
10/1/20			1,375	3	10/1/2016		1,160		17	118.9	1,079	1,195
11/1/20			2	3	11/1/2016		681		18	118.4	1,076	1,191
12/1/20			5	3	12/1/2016 1/1/2017		956 1,002		19 20	117.8 117.2	1,074 1,071	1,187 1,183
2/1/20			26	3	2/1/2017		918		20	117.2	1,071	1,180
3/1/20			16	3	3/1/2017		1,051		22	116.1	1,066	1,176
4/1/20			1,566	3	4/1/2017		912		23	115.6	1,063	1,172
5/1/20		242	1,919	3	5/1/2017		984		24	115.0	1,060	1,168
6/1/20			1,271	3	6/1/2017		874		25	114.5	1,058	1,164
7/1/20			1,185	3	7/1/2017		952		26	113.9	1,055	1,160
8/1/20			1,758	3	8/1/2017		823		27	113.4	1,052	1,157
9/1/20			1,911 2,216	3	9/1/2017		1,012 962		28 29	112.8 112.3	1,050	1,153 1,149
10/1/20 11/1/20			2,216	3	10/1/2017 11/1/2017		946		30	111.8	1,047 1,044	1,149
12/1/20			1,986	3	12/1/2017		952		31	111.2	1,042	1,141
1/1/20			1,675	4	1/1/2018		803		32	110.7	1,039	1,138
2/1/20	18 114	206	1,633	4	2/1/2018		848		33	110.2	1,037	1,134
3/1/20			2,831	4	3/1/2018		857		34	109.6	1,034	1,130
4/1/20			1,752	4	4/1/2018		751		35	109.1	1,031	1,126
5/1/20			3,039	4	5/1/2018		995		36	108.6	1,029	1,123
6/1/20 7/1/20			3,026 2,651	4	6/1/2018 7/1/2018		931 921		37 38	108.1 107.6	1,026 1,024	1,119 1,115
8/1/20			2,795	4	8/1/2018		901		39	107.0	1,024	1,112
9/1/20			2,745	4	9/1/2018		724		40	106.5	1,019	1,108
10/1/20			2,438	4	10/1/2018		701		41	106.0	1,016	1,104
11/1/20	18 13	177	2,092	4	11/1/2018		1,008		42	105.5	1,014	1,101
12/1/20			2,294	4	12/1/2018		919		43	105.0	1,011	1,097
1/1/20			1,493	4	1/1/2019		848		44	104.5	1,009	1,094
2/1/20			1,314	4	2/1/2019		742 844		45 46	104.0 103.5	1,006	1,090
3/1/20 4/1/20			1,685 1,624	4	3/1/2019 4/1/2019		844		46	103.5	1,004 1,001	1,086 1,083
5/1/20			1,740	4	5/1/2019		997		48	103.0	999	1,083
6/1/20			657	4	6/1/2019		895		49	102.0	996	1,076
7/1/20			1,581	4	7/1/2019		909		50		994	1,072
8/1/20			2,602	4	8/1/2019		915		51	101.1	991	1,069
9/1/20			2,403	4	9/1/2019		921		52		989	1,065
10/1/20			2,120	4	10/1/2019		900		53		986	1,062
11/1/20 12/1/20			2,293 2,000	4	11/1/2019 12/1/2019		841 826		54 55	99.6 99.1	984 981	1,058 1,055
1/1/20			1,179	4	1/1/2020		826	_	56		981	1,055
2/1/20			1,270	4	2/1/2020		786	-	57	98.2	976	1,048
3/1/20			1	4	3/1/2020		928	- 1	58		974	1,044
4/1/20		272	178	4	4/1/2020		884	904	59	97.3	971	1,041
5/1/20			2,248	4	5/1/2020		894		60	96.8	969	1,037
6/1/20			2,175	4	6/1/2020		790					
7/1/20			1	4	7/1/2020		753					
8/1/20 9/1/20			1	3	8/1/2020 9/1/2020		876 670					
10/1/20		291	1	3	10/1/2020		656					
11/1/20			1	3	11/1/2020		923					

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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	29.8	0.5
Langlie Mattix	Seven Rivers-Queen	4.2	7.1	40.9
	Total	4.2	36.9	41.4
Jalmat	Yates-Seven Rivers	0%	81%	1%
Langlie Mattix	Seven Rivers-Queen	100%	19%	99%
	Total (%)	100%	100%	100%

District I

District II

District III

District IV

PO Box 1980, Hobbs, NM 88241-1980

PO Drawer DD, Artesia, NM 88211-0719

1000 Rio Brazos Rd., Aztec, NM 87410

PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, NM 87504-2088

Form C-1t Revised February 10, 195 Instructions on bac. Submit to Appropriate District Offic State Lease - 4 Copie: Fee Lease - 3 Copies

AMENDED KEPUK		AMENDED	REPORT
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WELL LOCATION AND ACREAGE DEDICATION PLAT

1	API Number	r	1 -	Pool Code	_	³ Pool Name					
	-025-118	The state of the s									
4 Property					5 Pro	perty Na	me		1	Well Number	
326404		R.O. GRE	GORY							NO. 3	
7 OGRII	No.		8 Operator Name 9 E								
329321	6	1	FAE .	II Open	eting	LLC					
				10	Surface	Locatio	on				
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from		North/South Line	Feet from the East/West line Coun			
М	33	258	37E			0'	SOUTH	660'	WEST	LEA	
			11 Botto	Bottom Hole Location If			nt From Surface		11201		
UL or lot no.	Section	Township	Range			n the	North/South Line	Feet from the	East/West line	County	
					SAI	ME	AS SURF.		Sandy West Hill	County	
12 Dedicated Acre	s B Joint	or Infill 14Co	nsolidation	Code 15 Ord	er No.		7.0 00.00				
120 NSP											
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District I

District II

District III

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PO Box 1980, Hobbs, NM 88241-1980

PO Drawer DD, Artesia, NM 88211-0719

1000 Rio Brazos Rd., Aztec, NM 87410

PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, NM 87504-2088

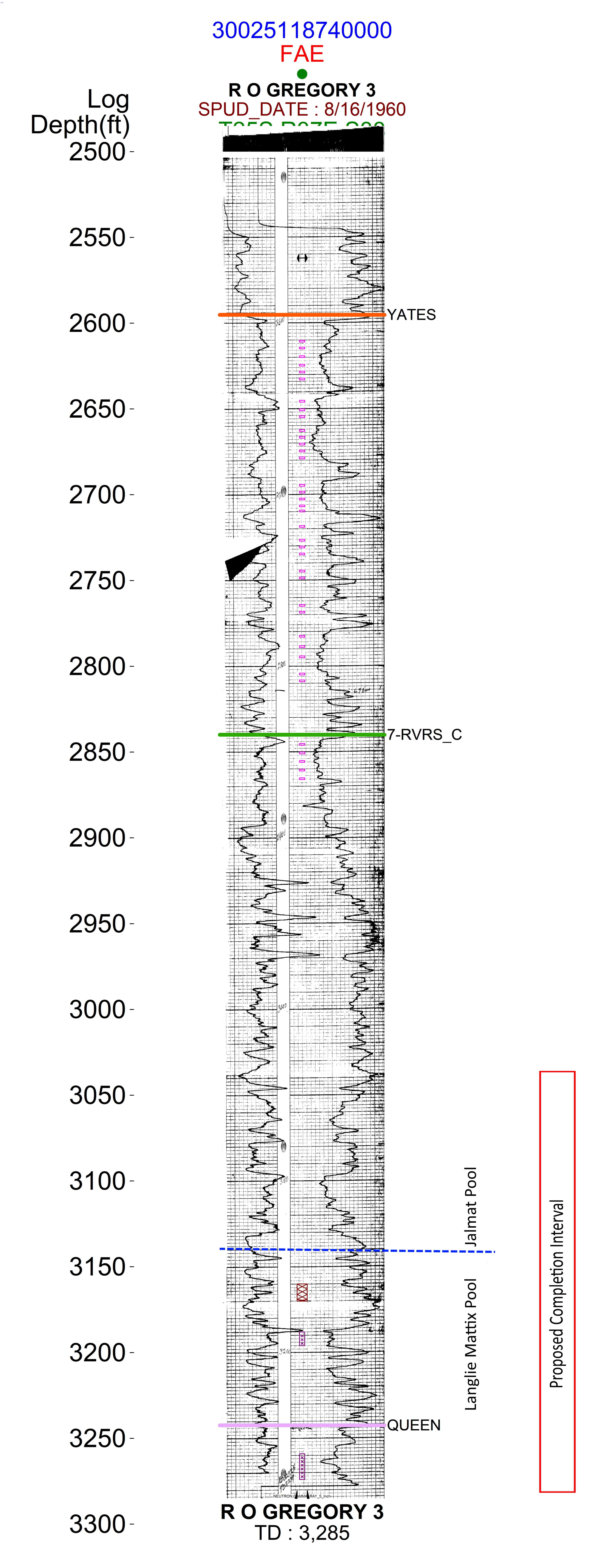
Form C-10 Revised February 10, 195 Instructions on bac. Submit to Appropriate District Offic State Lease - 4 Copie: Fee Lease - 3 Copies

AMENDED	REPORT
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WELL LOCATION AND ACREAGE DEDICATION PLAT

1	1 API Number 2 Pool Code						³ Pool Name					
30-	-025-118	74	37240 Langlie Mattix									
⁴ Property	Code	5 Property Name 6 Well Number										
326404	1	R.O. GRE	R.O. GREGORY NO. 3									
7 OGRID	No.	NO.								9 Elevation		
329326	6	FAE I Operating, LLC										
¹⁰ Surface Location												
UL or lot no.	Section	Township	Range	Lot. Id	In Fee	t from t	he	North/South Line	Feet from the	East/West line	County	
М	33	25\$	37E			330'	30' SOUTH		660'	WEST	LEA	
			11 Botto	om Hol	e Location	n If Di	Different From Surface				A	
UL or lot no.	Section	Township	Range	Lot. Id	in Fee	t from t	he	North/South Line	Feet from the	East/West line	County	
						SAME	E	AS SURF.				
12 Dedicated Acre	s B Joint	or Infill 14Co	onsolidation	n Code	15 Order No	0.						
120 NSP												
NO ALLOV	VABLE W	ILL BE ASS	IGNED	то тн	IS COM	PLETI	ON L	INTIL ALL INT	ERESTS HAV	E BEEN CO	NSOLIDATED	
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747	El Paso	Tom Fede	ral No	. 7		1			and correct to the best o	I my belief.		
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fae I operating

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: R O Gregory #003: API 30-025-11874

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) 220-9188 or by email at steven@faenergyus.com.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC

Steven Lehrbass Land

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: BLM - New Mexico State Office Dinosaur Trail Sanda We, JAM 1975 P8 Juli 	A. Signature X R DWAW BAddressee B. Received by (Printed Name) C. Date of Delivery C. Date of Delivery C. Date of Delivery D. Is delivery address different from item 1? If YES, enter delivery address below:
9590 9402 6448 0346 9896 66 2. Article Number (Transfer from service label) 7020 0640 0000 9346 5545	3. Service Type □ Adult Signature □ Adult Signature Restricted Delivery □ Certified Mail Restricted Delivery □ Collect on Delivery □ Collect on Delivery Registered Mail Restricted Delivery □ Collect on Delivery Restricted Delivery □ Collect on Delivery Restricted Delivery □ Signature Confirmation Restricted Delivery
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt

From: Engineer, OCD, EMNRD

To: <u>Marshall Bates</u>

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

Brandon, EMNRD; lisa@rwbyram.com; Glover, James; Paradis, Kyle O; Walls, Christopher

Subject: Approved Administrative Order DHC-5124

Date: Saturday, July 17, 2021 12:02:18 PM

Attachments: DHC5124 Order.pdf

NMOCD has issued Administrative Order DHC-5124 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their R O Gregory #3 well (30-025-11874).

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 COMMINGLING SUBMITTED BY FAE II OPERATING, LLC

ORDER NO. DHC-5124

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

Order No. DHC-5124 Page 1 of 3

- 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 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-5124 Page 2 of 3

- 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

Woul	DATE:	7/16/2021	
ADRIENNE SANDOVAL			
DIRECTOR			

Order No. DHC-5124 Page 3 of 3

New:

Bottom: 3,140

State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: DHC-5124

Operator: FAE II Operating, LLC (329326)

Well Name: R O Gregory #3 Well API: 30-025-11874

Pool ID: 79240

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

Current: X Upper Zone Allocation: Fixed Percent Oil: 0% Gas: 81%

Interval: Perforations

Pool Name:

Pool ID: **Current:** New: **Intermediate Zone** Allocation: Oil: Gas:

> Interval: Top: **Bottom:**

Top: 2,610

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

Pool Name: LANGLIE MATTIX;7 RVRS-Q-GRAYBURG

Pool ID: 37240 **Current:** New: X **Lower Zone Allocation: Fixed Percent** Oil: 100% Gas: 19%

> **Interval: Perforations** Top: 3,140 **Bottom: 3,285**

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

Top of Queen: 3240

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

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 18013

CONDITIONS

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 1000 Houston, TX 77079	Action Number: 18013
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

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	7/17/2021
	contact me.	