

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- 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

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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.

Marshall Bates

Print or Type Name

Signature

Engineering Tech

Title

8/3/2021

Date

Marshall@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

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

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

Operator Address
State I Com 2 K-16-20S-37E Lea
Lease Well No. Unit Letter-Section-Township-Range County
329326 331195 30-025-06133 X
OGRID No. Property Code API No. Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Eumont	Monument; Paddock	Monument; Tubb
Pool Code	76480	47080	47090
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)		5,124 – 5,188'	6,503 – 6,577'
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)		35.0 API / 1.195 BTU	35.0 API / 1.195 BTU
Producing, Shut-In or New Zone	Shut In	New Zone	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 % % 84 % 55 %	Oil Gas % % 16 % 45 %	Oil Gas % % 16 % 45 %

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 8/3/2021
TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 706 - 0041
E-MAIL ADDRESS Marshall@FAEnergyus.com

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June 21, 2021

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

Re: State I Com #002: API 30-025-06133
Eumont Pool: 76480
Monument Pool: 47080

Dear Mr. McClure:

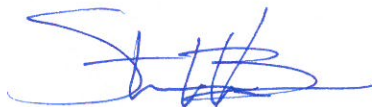
Forty Acres Energy, LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed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

Forty Acres Energy, LLC

A handwritten signature in blue ink, appearing to read 'Steven Lehrbass', with a stylized flourish at the end.

Steven Lehrbass
Land

fae II operating

August 3, 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 Forty Acres Energy, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Monument Pools for the State I Com #2 well located in Sec. 16, T-20S, R-37E, 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 Monument Pools for its State I Com #2 well located in Unit Letter K, Section 16, T-20S, R-37E, 1,980 feet FSL and 1,980 feet FWL, as shown in the attached C-102's for each zone.

State I Com #2 is currently open to the Yates-Seven Rivers-Queen interval, which translates to the EUMONT; YATES-7 RVRS-QUEEN (GAS) [Pool ID: 76480]. The plan is to shut in this zone in favor of the Monument zones described below.

The zones that will be opened up in the State I Com #2 are the Paddock, which translates to the MONUMENT; PADDOCK [Pool ID: 47080], and the Tubb, which translates to the MONUMENT; TUBB [Pool ID: 47090]. To develop a forecast for these zones, eleven (11) surrounding wells with production history from the Paddock and twenty-eight (28) surrounding wells with production history from the Tubb were used as offsets to prove up hole potential in the State I Com #2 by taking the historical average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit A. 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 B. This forecast proved that an IP of 11.6 BOPD and 28.0 MCFPD is the expected total, and of that, 9.7 BOPD and 15.3 MCFPD will come from the Paddock zone. The Tubb is projected to yield 1.9 BOPD and 12.7 MCFPD. This information along with the percentage allocation across the zones is shown in Exhibit C.

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.

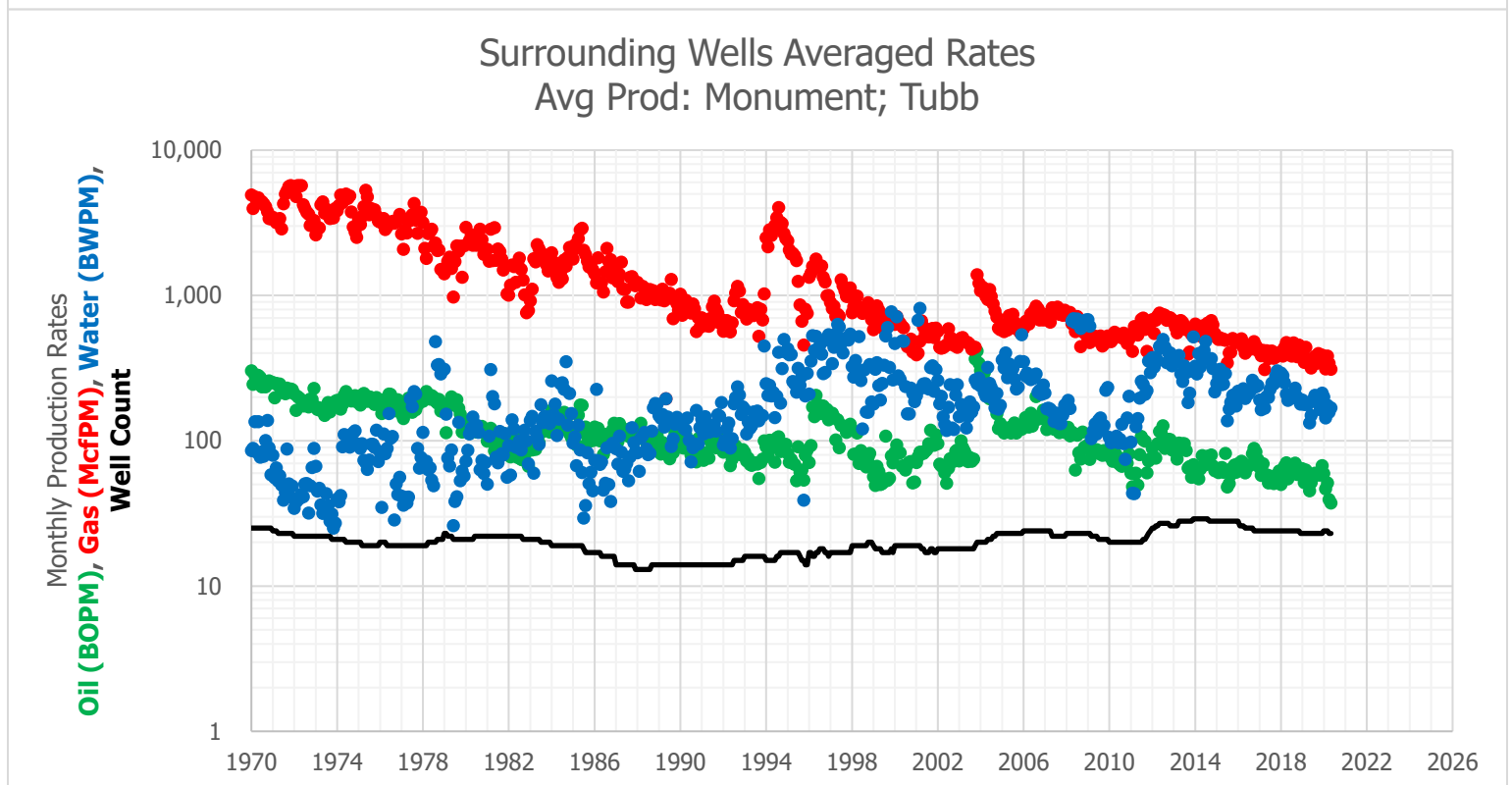
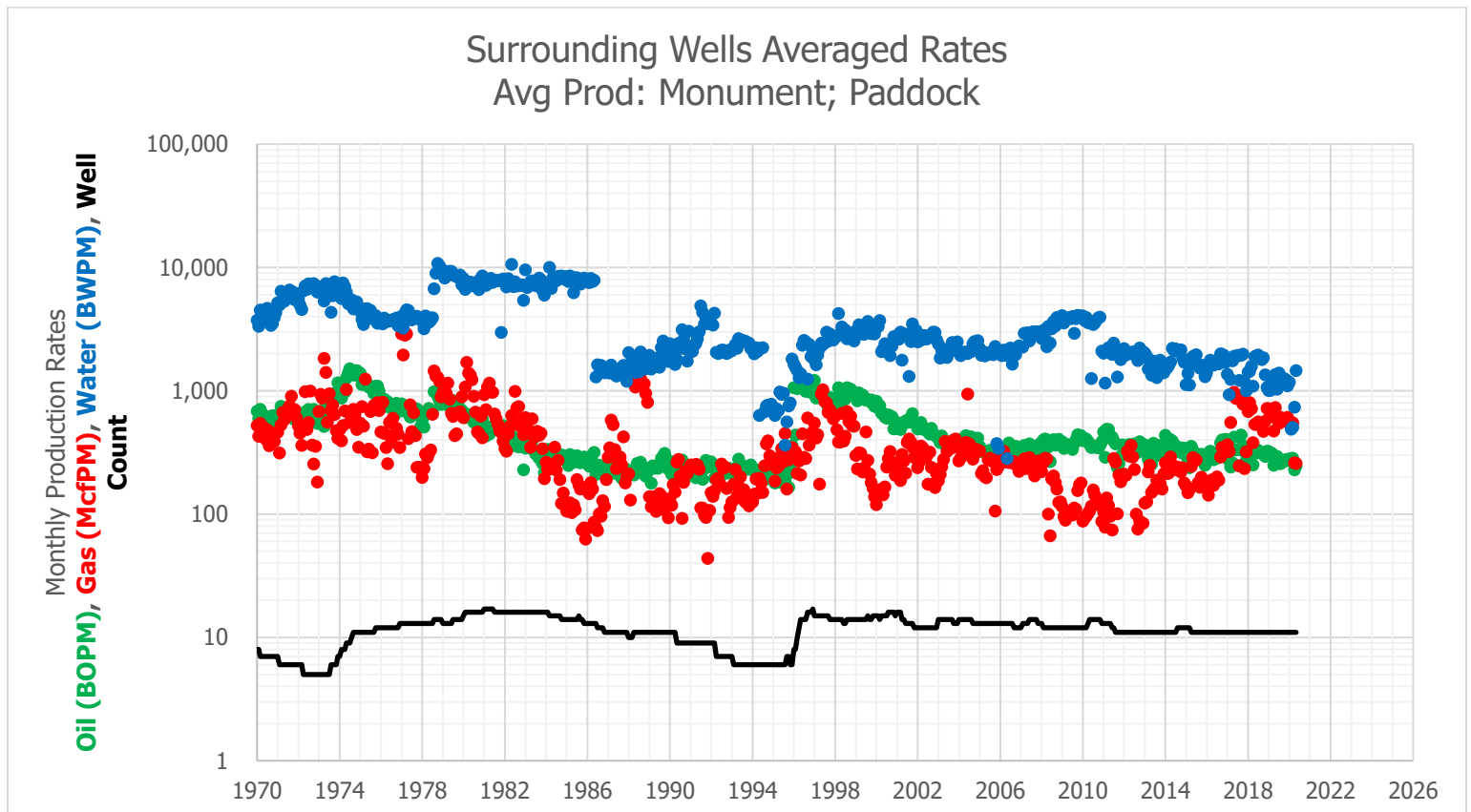
Very truly yours,



Forty Acres Energy, LLC

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Exhibit A – Historical Average Production in the Proposed Zones



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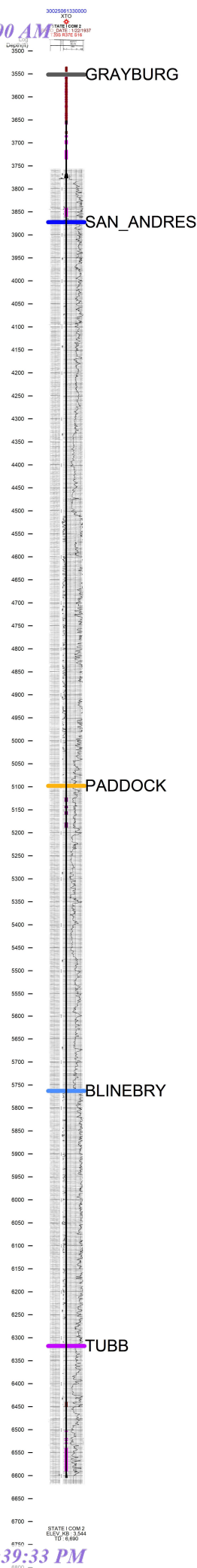
Exhibit B – Historical Production and Decline Curve

Surrounding Wells Averaged Rates Avg Prod: Monument; Paddock					Surrounding Wells Averaged Rates Avg Prod: Monument; Tubb					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)	Well Count	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
7/1/2015	296	274	1,962	11	7/1/2015	48	344	137	28	1	351.2	1,293	1,594
8/1/2015	300	178	1,597	11	8/1/2015	51	402	166	28	2	349.5	1,290	1,589
9/1/2015	283	165	1,521	11	9/1/2015	59	406	184	28	3	347.9	1,287	1,584
10/1/2015	305	199	1,611	11	10/1/2015	65	506	206	28	4	346.2	1,284	1,578
11/1/2015	272	178	1,478	11	11/1/2015	68	482	207	28	5	344.6	1,280	1,573
12/1/2015	248	166	1,300	11	12/1/2015	61	490	173	28	6	342.9	1,277	1,568
1/1/2016	299	169	1,394	11	1/1/2016	70	475	220	28	7	341.3	1,274	1,563
2/1/2016	312	143	1,576	11	2/1/2016	69	477	215	26	8	339.6	1,271	1,558
3/1/2016	324	182	1,769	11	3/1/2016	72	504	199	26	9	338.0	1,268	1,553
4/1/2016	315	189	1,713	11	4/1/2016	70	441	228	26	10	336.4	1,264	1,547
5/1/2016	275	171	1,616	11	5/1/2016	60	401	196	25	11	334.8	1,261	1,542
6/1/2016	283	186	1,699	11	6/1/2016	65	425	210	25	12	333.2	1,258	1,537
7/1/2016	283	200	1,769	11	7/1/2016	68	448	211	25	13	331.6	1,255	1,532
8/1/2016	313	188	1,646	11	8/1/2016	68	426	222	25	14	330.0	1,252	1,527
9/1/2016	377	290	1,987	11	9/1/2016	81	436	261	25	15	328.4	1,249	1,522
10/1/2016	398	347	1,964	11	10/1/2016	89	480	248	24	16	326.9	1,246	1,517
11/1/2016	389	337	1,941	11	11/1/2016	84	452	235	24	17	325.3	1,243	1,512
12/1/2016	403	328	1,699	11	12/1/2016	75	418	240	24	18	323.7	1,239	1,507
1/1/2017	342	365	1,359	11	1/1/2017	66	424	191	24	19	322.2	1,236	1,502
2/1/2017	269	321	926	11	2/1/2017	58	384	164	24	20	320.7	1,233	1,497
3/1/2017	240	552	1,235	11	3/1/2017	69	420	192	24	21	319.1	1,230	1,492
4/1/2017	261	922	1,747	11	4/1/2017	59	309	168	24	22	317.6	1,227	1,488
5/1/2017	419	970	1,900	11	5/1/2017	58	417	202	24	23	316.1	1,224	1,483
6/1/2017	332	867	1,880	11	6/1/2017	51	368	198	24	24	314.6	1,221	1,478
7/1/2017	333	872	1,935	11	7/1/2017	57	411	226	24	25	313.1	1,218	1,473
8/1/2017	246	246	1,210	11	8/1/2017	55	415	250	24	26	311.6	1,215	1,468
9/1/2017	438	832	1,930	11	9/1/2017	51	370	246	24	27	310.1	1,212	1,463
10/1/2017	359	777	1,984	11	10/1/2017	54	378	279	24	28	308.6	1,209	1,458
11/1/2017	258	233	1,178	11	11/1/2017	58	394	304	24	29	307.1	1,206	1,454
12/1/2017	304	320	999	11	12/1/2017	62	404	281	24	30	305.7	1,203	1,449
1/1/2018	302	678	1,411	11	1/1/2018	50	409	294	24	31	304.2	1,200	1,444
2/1/2018	344	801	1,437	11	2/1/2018	54	384	281	24	32	302.7	1,197	1,439
3/1/2018	330	714	1,577	11	3/1/2018	67	437	251	24	33	301.3	1,194	1,435
4/1/2018	250	378	1,090	11	4/1/2018	70	474	209	24	34	299.9	1,191	1,430
5/1/2018	334	534	1,889	11	5/1/2018	55	403	190	24	35	298.4	1,188	1,425
6/1/2018	313	535	1,927	11	6/1/2018	59	427	196	24	36	297.0	1,185	1,421
7/1/2018	329	559	1,946	11	7/1/2018	61	384	196	24	37	295.6	1,182	1,416
8/1/2018	317	552	1,841	11	8/1/2018	63	471	206	24	38	294.2	1,179	1,411
9/1/2018	308	514	1,789	11	9/1/2018	70	448	230	24	39	292.8	1,176	1,407
10/1/2018	307	467	1,851	11	10/1/2018	59	380	201	24	40	291.4	1,173	1,402
11/1/2018	294	563	1,340	11	11/1/2018	61	457	193	24	41	290.0	1,170	1,397
12/1/2018	323	718	1,063	11	12/1/2018	64	403	179	23	42	288.6	1,167	1,393
1/1/2019	322	713	1,005	11	1/1/2019	64	410	190	23	43	287.2	1,164	1,388
2/1/2019	310	645	1,003	11	2/1/2019	52	347	178	23	44	285.8	1,161	1,384
3/1/2019	310	692	1,159	11	3/1/2019	63	440	179	23	45	284.5	1,159	1,379
4/1/2019	249	471	1,311	11	4/1/2019	54	367	178	23	46	283.1	1,156	1,375
5/1/2019	282	729	1,354	11	5/1/2019	45	337	132	23	47	281.7	1,153	1,370
6/1/2019	293	584	1,029	11	6/1/2019	52	317	150	23	48	280.4	1,150	1,366
7/1/2019	272	542	1,387	11	7/1/2019	58	368	191	23	49	279.1	1,147	1,361
8/1/2019	255	609	1,247	11	8/1/2019	60	381	206	23	50	277.7	1,144	1,357
9/1/2019	267	566	1,240	11	9/1/2019	58	342	184	23	51	276.4	1,141	1,352
10/1/2019	267	587	1,254	11	10/1/2019	59	398	188	23	52	275.1	1,138	1,348
11/1/2019	277	595	1,230	11	11/1/2019	58	365	164	23	53	273.8	1,136	1,343
12/1/2019	271	609	1,092	11	12/1/2019	67	388	213	23	54	272.5	1,133	1,339
1/1/2020	279	540	1,169	11	1/1/2020	60	365	201	24	55	271.2	1,130	1,334
2/1/2020	281	533	486	11	2/1/2020	47	313	144	24	56	269.9	1,127	1,330
3/1/2020	283	548	503	11	3/1/2020	51	383	175	24	57	268.6	1,124	1,326
4/1/2020	228	260	735	11	4/1/2020	39	341	157	23	58	267.3	1,121	1,321
5/1/2020	246	257	1,458	11	5/1/2020	37	312	169	23	59	266.0	1,119	1,317
6/1/2020	226	232	1,218	11	6/1/2020	28	240	148	23	60	264.7	1,116	1,313
7/1/2020	225	232	809	11	7/1/2020	26	221	150	23				
8/1/2020	201	203	781	11	8/1/2020	30	214	133	23				
9/1/2020	192	214	754	11	9/1/2020	28	197	130	23				
10/1/2020	187	206	1,147	11	10/1/2020	26	226	124	23				
11/1/2020	193	200	1,079	11	11/1/2020	36	374	141	23				
12/1/2020	210	195	1,134	11	12/1/2020	45	392	202	21				

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Exhibit C – Decline Curve IP Rates and Zone Allocation Percentage

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Monument	Paddock	9.7	15.3	45.8
Monument	Tubb	1.9	12.7	6.6
	Total	11.6	28.0	52.4
Monument	Paddock	84%	55%	87%
Monument	Tubb	16%	45%	13%
	Total (%)	100%	100%	100%



API	SOURCE	PERF TYPE	TOP	BASE
30025061330000	CJH	INACTIVE	3557	3558
30025061330000	CJH	INACTIVE	3559	3560
30025061330000	CJH	INACTIVE	3570	3571
30025061330000	CJH	INACTIVE	3576	3577
30025061330000	CJH	INACTIVE	3583	3584
30025061330000	CJH	INACTIVE	3587	3588
30025061330000	CJH	INACTIVE	3590	3591
30025061330000	CJH	INACTIVE	3594	3595
30025061330000	CJH	INACTIVE	3600	3601
30025061330000	CJH	INACTIVE	3605	3606
30025061330000	CJH	INACTIVE	3610	3611
30025061330000	CJH	INACTIVE	3619	3620
30025061330000	CJH	INACTIVE	3621	3622
30025061330000	CJH	INACTIVE	3636	3637
30025061330000	CJH	INACTIVE	3640	3641
30025061330000	CJH	INACTIVE	3645	3646
30025061330000	CJH	INACTIVE	3654	3655
30025061330000	CJH	INACTIVE	3658	3659
30025061330000	CJH	INACTIVE	3684	3685
30025061330000	CJH	INACTIVE	3686	3687
30025061330000	CJH	INACTIVE	3695	3696
30025061330000	CJH	INACTIVE	3696	3697
30025061330000	CJH	INACTIVE	3698	3699
30025061330000	CJH	INACTIVE	3700	3701
30025061330000	CJH	INACTIVE	3701	3702
30025061330000	CJH	INACTIVE	3716	3735
30025061330000	CJH	INACTIVE	3842	3860
30025061330000	CJH	INACTIVE	5124	5132
30025061330000	CJH	INACTIVE	5142	5146
30025061330000	CJH	INACTIVE	5154	5160
30025061330000	CJH	INACTIVE	5178	5188
30025061330000	CJH	INACTIVE	6503	6504
30025061330000	CJH	INACTIVE	6519	6520
30025061330000	CJH	INACTIVE	6523	6524
30025061330000	CJH	INACTIVE	6529	6530
30025061330000	CJH	INACTIVE	6540	6590
30025061330000	CJH	INACTIVE	6546	6547
30025061330000	CJH	INACTIVE	6556	6557
30025061330000	CJH	INACTIVE	6564	6565
30025061330000	CJH	INACTIVE	6571	6572
30025061330000	CJH	INACTIVE	6576	6577

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-06133	² Pool Code 47080	³ Pool Name MONUMENT; PADDOCK
⁴ Property Code 331195	⁵ Property Name STATE I COM	⁶ Well Number #002
⁷ OGRID No. 329326	⁸ Operator Name FORTY ACRES ENERGY, LLC	⁹ Elevation

¹⁰ Surface Location

UL - Lot K	Section 16	Township 20S	Range 37E	Lot Idn	Feet from 1980	N/S Line S	Feet From 1980	E/W Line W	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL - Lot K	Section 16	Township 20S	Range 37E	Lot Idn	Feet from 1980	N/S Line S	Feet From 1980	E/W Line W	County LEA
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature <u>Marshall Bates</u> Date <u>8/3/2021</u> Printed Name <u>Marshall Bates</u> E-mail Address <u>Marshall@FAEnergyus.com</u>	
	¹⁸ SURVEYOR CERTIFICATION 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 belief. Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____	

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Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-06133	² Pool Code 47090	³ Pool Name MONUMENT; TUBB
⁴ Property Code 331195	⁵ Property Name STATE I COM	⁶ Well Number #002
⁷ OGRID No. 329326	⁸ Operator Name FORTY ACRES ENERGY, LLC	⁹ Elevation

¹⁰ Surface Location


UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
K	16	20S	37E		1980	S	1980	W	LEA

¹¹ Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
K	16	20S	37E		1980	S	1980	W	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
	Signature  Date 8/3/2021	
	Printed Name Marshall Bates	
	E-mail Address Marshall@FAEnergyus.com	
¹⁸ SURVEYOR CERTIFICATION 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 belief.	Date of Survey	
	Signature and Seal of Professional Surveyor:	
	Certificate Number	

Well Name: **State I COM #002 (frmly State I #002)** Lease No: _____ Lease Type: _____ State _____
 Township: **20-S** Range: **37-E** Sec: **16-K** Location: **1980' FNL & 1980' FWL**
 County: **Lea** State: **NM** API: **30-025-06133** Formation: **Monument; Paddock-Tubb**

Surface Csg

Size: **13"**
 Wt.&Thrd: **45#**
 Grade: _____
 Set @: **234'**
 Sxs cmt: **250 sxs**
 Circ: **Surface**
 TOC: **Surface**
 Hole Size: **17"**

KB: **3543.5'**
 DF: **3541'**
 GL: **3530'**
 Spud Date: **1/22/1937**
 Compl. Date: **3/5/1937**

Intermediate Csg

Size: **9-5/8"**
 Wt.&Thrd: **36#**
 Grade: _____
 Set @: **1158' (Top of Salt)**
 Sxs cmt: **550 sxs**
 Circ: **Surface**
 TOC: **Surface**
 Hole Size: **12"**

Production Csg

Size: **7"**
 Wt.&Thrd: **24#**
 Grade: **LT&C**
 Set @: **3776'**
 Sxs Cmt: **350 sxs**
 Circ: _____
 TOC: **1711' (Calc)**
 Hole Size: **8-3/4"**

SN **6545'**
 EOT **6582'**

Production Liner

Size: **5"**
 Wt.&Thrd: **15#**
 Grade: **J-55**
 Set @: **3652-6604'**
 Sxs Cmt: **300 sxs**
 Circ: _____
 TOC: **TOL**
 Hole Size: **6-1/4"**

PROPOSED

PBTD 6605'
TD 6605'

History - Highlights

1988-03: Acidized Paddock/Glorieta w/ 1000 gals 15% NEFE acid, 2000 gals 2% KCL wtr; Frac w/ 24,000 gals 30# gel 2% KCL wtr & 60,000# 20/40 sand. Squeezed 5124-5160'. Reperf 5178-5188 & Acidized w/ 1000 gals 15% NEFE acid; TA well.

1997-08: Tag Fill @ 3416'; Clean out PBTD

2003-02: Tag Fill @ 3466'; Clean out PBTD

Proposed: DO BPs @ 3535' & 3675'; Sqz EUMONT & GRAYBURG perfs; DO cmt & CIBP @ 6450'; Clean out to TD; Add Perfs in PADDOCK; Acidize PADDOCK-TUBB; RTP, DHC Monument; PADDOCK & Monument; TUBB

EUMONT (YATES-SEVEN RIVERS-QUEEN) [SQUEEZED]

3239-3483' (2 SPF) - Aug 1995

Acidized w/ 4000 gals 15% NEFE w/ 350 ball sealers; Frac w 61,600 gals gel wtr + 50 quality CO₂, 255,460# 12/20 sand

Acidized w/ 1500 gal 15% NEFE and flush w/ 30 bbls KCL wtr - Aug 1997

GRAYBURG [SQUEEZED]

3557', 3559', 3570', 3576', 3583', 3587', 3590', 3594', 3600', 3605', 3610', 3617', 3621', 3636', 3640', 3645', 3654', 3658' (2 SPF) - Dec 1989

Acidized w/ 2000 gals 15% NEFE acid; Frac w/ 27,000 gals XL wtr, 55,000# 20/40 sand, 9000# CRC sand

3684', 3686', 3695', 3696', 3698', 3700', 3701' (1 SPF) - Nov 1967

Acidized w/ 1000 gals 15% NE acid, 3000 gals 15% Unisol acid w/ 10 balls

3716-3735' (2 SPF) - Jun 1961 [ISOLATED/SQUEEZED]

Acidized w/ 500 gals acid & 1500 gals NE acid

Acidized w/ 2000 gals 15% NE acid - Oct 1963

SAN ANDRES (Top @ 3900')**PADDOCK (Top @ 5096')**

5124-5132', 5142-5146', 5154-5160' (2 SPF) - PROPOSED

5124-5132', 5142-5146', 5154-5160' (1 SPF) - Dec 1973 [SQUEEZED]

Acidized w/ 2000 gal 15% NE-FE acid w/ 24 ball sealers

5178-5188' (11 holes) - Dec 1973

Acidize w/ 500 gals 15% NE-FE acid

Acidized & Frac w/ Paddock - Mar 1988

Acidized w/ 1000 gals 15% NEFE acid - Mar 1988

TUBB (Top @ 6320')

6503', 6556' (2 SPF) - Apr 1968

6519', 6523', 6529', 6546', 6564', 6571', 6576' (1 SPF) - Apr 1968

6540-6590' (8 holes) - Sept 1967

Acidized w/ 5000 gals 15% acid w/ ball sealers; Fraced w/ 30,000 gals oil & 30,000# sand

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 8rd EUE Tubing (~202 jts 2-3/8" tbg, SN, perf sub, MA w/ bull plug)

Well Name: **State I COM #002 (frmly State I #002)** Lease No: _____ Lease Type: _____ State _____
 Township: **20-S** Range: **37-E** Sec: **16-K** Location: **1980' FNL & 1980' FWL**
 County: **Lea** State: **NM** API: **30-025-06133** Formation: **Eumont; Yates-Seven Rivers-Queen**

Surface Csg

Size: **13"**
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 Hole Size: **17"**

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 DF: **3541'**
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Size: **9-5/8"**
 Wt.&Thrd: **36#**
 Grade: _____
 Set @: **1158' (Top of Salt)**
 Sxs cmt: **550 sxs**
 Circ: **Surface**
 TOC: **Surface**
 Hole Size: **12"**

Production Csg

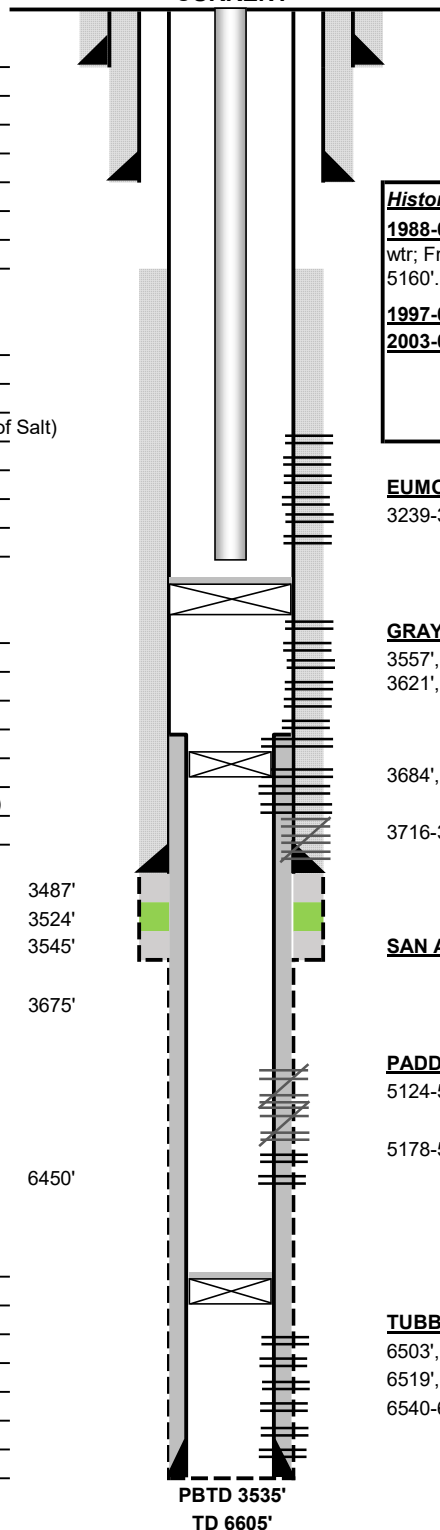
Size: **7"**
 Wt.&Thrd: **24#**
 Grade: **LT&C**
 Set @: **3776'**
 Sxs Cmt: **350 sxs**
 Circ: _____
 TOC: **1711' (Calc)**
 Hole Size: **8-3/4"**

SN 3487'
 EOT 3524'
 CIBP w/ 10' cmt 3545'
 CIBP 3675'

CIBP w/ 10' cmt 6450'

Production Liner

Size: **5"**
 Wt.&Thrd: **15#**
 Grade: **J-55**
 Set @: **3652-6604'**
 Sxs Cmt: **300 sxs**
 Circ: _____
 TOC: **TOL**
 Hole Size: **6-1/4"**

CURRENT**History - Highlights**

1988-03: Acidized Paddock/Glorieta w/ 1000 gals 15% NEFE acid, 2000 gals 2% KCL wtr; Frac w/ 24,000 gals 30# gel 2% KCL wtr & 60,000# 20/40 sand. Squeezed 5124-5160'. Reperf 5178-5188 & Acidized w/ 1000 gals 15% NEFE acid; TA well.

1997-08: Tag Fill @ 3416'; Clean out PBTD

2003-02: Tag Fill @ 3466'; Clean out PBTD

All info from OCD well files ONLY

EUMONT Pool (YATES-SEVEN RIVERS-QUEEN)

3239-3483' (2 SPF) - Aug 1995

Acidized w/ 4000 gals 15% NEFE w/ 350 ball sealers; Frac w 61,600 gals gel wtr + 50 quality CO₂, 255,460# 12/20 sand

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GRAYBURG [ISOLATED]

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Acidized w/ 2000 gals 15% NEFE acid; Frac w/ 27,000 gals XL wtr, 55,000# 20/40 sand, 9000# CRC sand

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6540-6590' (8 holes) - Sept 1967

Acidized w/ 5000 gals 15% acid w/ ball sealers; Fraced w/ 30,000 gals oil & 30,000# sand

Tubulars - Capacities and Performance

2-3/8" Tubing (109 jts 2-3/8" tbg, 1 jt 2-3/8" IPC, SN, perf sub) @ 3524'
 Lift: Insert pump w/ gas anchor & rods

From: [Vanessa Neal](#)
To: [McClure, Dean, EMNRD](#)
Subject: RE: [EXTERNAL] DHC Applications Format & Missing Items?
Date: Wednesday, November 3, 2021 12:16:21 PM
Attachments: [image001.png](#)
[BLM DHC C E Lamunyon #090 Sundry Submittal 2021-11-03.pdf](#)

Awesome, thank you Dean!

Here are the tracking numbers we have for the submitted DHCs. I'm not sure which ones you were waiting on, so I included all the tracking numbers we had documented.

I've also attached a PDF of the DHC submitted to the BLM for C E Lamunyon #90; a DHC application was submitted earlier this week to the OCD. Is the PDF attached an acceptable substitute for the BLM tracking numbers for future submissions?

Project	API	SLO/BLM Submittal Tracking Info
State A A/C 2 #062	30-025-25542	7020 0640 0000 9346 5293
State C TR 11 #003	30-025-23103	7020 0640 0000 9346 5293
State C TR 11 #005	30-025-25517	7020 0640 0000 9346 5293
State I Com #002	30-025-06133	7020 0640 0000 9346 5293
C D Woolworth #008	30-025-32862	7020 0640 0000 9346 5293
Cagle C #005	30-025-34450	7021 0350 0001 5380 9936
Cagle C Federal Com #006	30-025-37342	7021 0350 0001 5380 9936
Myers B #006	30-025-31382	7021 0350 0001 5380 9936
Rhodes Federal Unit #047	30-025-20011	7021 0350 0001 5380 9936
Rhodes Federal Unit #096	30-025-24536	7021 0350 0001 5380 9936
Rhodes Federal Unit #098	30-025-37514	7021 0350 0001 5380 9936
Rhodes Federal Unit #102	30-025-24537	7021 0350 0001 5380 9936
Shell A State COM #006	30-025-32030	7020 0640 0000 9346 3985
State A A/C 1 #096	30-025-09250	7020 0640 0000 9346 5293
State A A/C 1 #129	30-025-34877	7020 0640 0000 9346 5293
State A A/C 2 #057	30-025-20297	7020 0640 0000 9346 5293
Stevens A-35 Com #002	30-025-09467	7021 0350 0001 5380 9936

Thank you,
 Vanessa Neal | Sr Reservoir Engineer

forty acres energy

O [832.219.0990 \(ext 165\)](tel:832.219.0990)

C [979.255.3476](tel:979.255.3476)

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Tuesday, November 2, 2021 6:41 PM
To: Vanessa Neal <vanessa@faenergyus.com>

Subject: RE: [EXTERNAL] DHC Applications Format & Missing Items?

Hello Vanessa,

Quite busy, but I suppose I can't complain; hopefully everything in your world is going great.

Based off my conversations with Marshall, I think he had mentioned that there may be some applications in the current batch that require notice to either the BLM or SLO which the evidence of which has not been provided, but I have not had a chance to sit down and go through them all quite yet. Regarding format and future submittals, I have an outdated guidance document regarding DHCs, but I will see if I can update it and help make it more specific to what would be more relevant to FAE. Please note that there are different requirements based upon whether the pools being commingled have been commonly commingled in the area or not. For FAE, this becomes relevant because some of your proposed pools to be commingled are common and some are not. An example of an application that is not is DHC-5150 for the E C Hill A 7.

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

From: Vanessa Neal <vanessa@faenergyus.com>

Sent: Tuesday, November 2, 2021 5:25 PM

To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>

Subject: [EXTERNAL] DHC Applications Format & Missing Items?

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Dean,

I hope everything is going great in your world.

I am going to be helping Marshall Bates submit downhole commingle applications in the future and I was wondering if you had a preferred format for submissions? I would also like to make sure you get everything you need for approval upon initial submission, if possible; is there anything that we have repeatedly missed in the past that you have had to ask for?

I know that we are planning a lot of work in 2022 that will require DHC permits, so I am hoping to get those to you as soon as possible. For the DHC applications currently in your queue, are you waiting on any missing items from us? If you let me know what you need I will get it to you ASAP.

Looking forward to working with you!

Vanessa Neal | Sr Reservoir Engineer

forty acres **energy**

11757 Katy Freeway, Suite 725 | Houston, TX 77079

O [832.219.0990 \(ext 165\)](tel:832.219.0990)

C [979.255.3476](tel:979.255.3476)

E vanessa@faenergyus.com

FAE II Operating LLC
11757 Katy Fwy #725, Houston, TX 77079
(832) 220-9188
steven@faenergyus.com

faeIIoperating

December 8, 2021

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Dr
Santa Fe, NM 87505

Re: State I Com #002
API: 30-025-06133
[47080] Monument; Paddock
[47080] Monument; Tubb

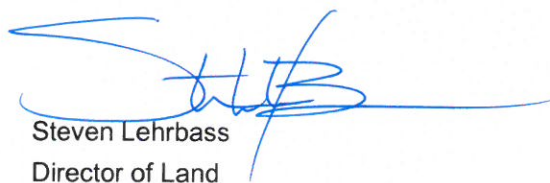
Dear Mr. McClure:

FAE II Operating, LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned downhole 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.

Thank you for your attention to this matter.

Respectfully,


Steven Lehrbass
Director of Land

From: [Engineer, OCD, EMNRD](#)
To: [Marshall Bates](#); [Vanessa Neal](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5154
Date: Monday, December 20, 2021 4:26:17 PM
Attachments: [DHC5154 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5154 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their State I Com 2 well (30-025-06133).

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

From: [Vanessa Neal](#)
To: [McClure, Dean, EMNRD](#); [Marshall Bates](#)
Subject: [EXTERNAL] RE: downhole commingling application DHC-5154
Date: Wednesday, December 8, 2021 9:23:39 AM
Attachments: [image001.png](#)
[Ownership Letter State I COM #002 2021-12-08.pdf](#)

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Mr. McClure,

Thank you for catch. Our land department has relooked at the well interest and corrected identical interest statement.

Attached is the corrected identical interest statement for the identified pools in the DHC-5154 application.

Thank you,

Vanessa Neal | Sr Reservoir Engineer

forty acres energy

O [832.219.0990 \(ext 165\)](tel:832.219.0990)

C [979.255.3476](tel:979.255.3476)

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Tuesday, December 7, 2021 5:48 PM
To: Vanessa Neal <vanessa@faenergyus.com>; Marshall Bates <marshall@faenergyus.com>
Subject: downhole commingling application DHC-5154

Mr. Bates, Ms. Neal,

I am reviewing downhole commingling application DHC-5154 which involves the State I Com #2 (30-025-06133) operated by FAE II Operating, LLC (329326).

Please resubmit the identical interest statement with the correct pools identified. Currently it has pool IDs 76480 and 47080 identified, but of interest are pool IDs 47080 and 47090.

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-5154

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. 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.
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. 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 shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
7. 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).
8. 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**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 12/20/21

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5154**

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

Well Name: **State I Com #2**

Well API: **30-025-06133**

Pool Name: **MONUMENT;PADDOCK**

Upper Zone

Pool ID: **47080**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **84%**

Gas: **55%**

Interval: **Perforations**

Top: **5,124**

Bottom: **5,188**

Pool Name:

Intermediate Zone

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Interval:

Top:

Bottom:

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

Pool Name: **MONUMENT;TUBB**

Lower Zone

Pool ID: **47090**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **16%**

Gas: **45%**

Interval: **Perforations**

Top: **6,503**

Bottom: **6,590**

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

Top of Queen Formation:

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

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

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

CONDITIONS

Action 41105

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 1000 Houston, TX 77079	OGRID: 329326
	Action Number: 41105
	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 contact me.	12/20/2021