

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.

Vanessa Neal

 Print or Type Name

Signature

Vanessa Neal

Sr Reservoir Engineer

 Title

December 10, 2021

 Date

vanessa@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

FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079
Operator Address
J C JOHNSON 003 H-20-23S-37E LEA
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 329326 Property Code 329835 API No. 30-025-10808 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TAN-YATES-7 RIVERS		LANGLIE MATTIX; 7 RIVERS-QUEEN-GRAYBURG
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2565 - 2890		2971 - 3798
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 / 1.1929 BTU		35.0 API / 1.1929 BTU
Producing, Shut-In or New Zone	NEW ZONE		PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: SEE ATTACHED Rates:	Date: Rates:	Date: SEE ATTACHED 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 100 % Gas 46 %	Oil % Gas %	Oil 0 % Gas 54 %

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 ☒ No ☐
Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐
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?

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 Vanessa Neal TITLE Sr Reservoir Engineer DATE December 10, 2021
TYPE OR PRINT NAME Vanessa Neal TELEPHONE NO. (832) 219-0990
E-MAIL ADDRESS vanessa@faenergyus.com

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

faeIIoperating.

November 20, 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: J C Johnson #003
API: 30-025-10808
[37240] Langlie Mattix; 7 Rivers-Queen-Grayburg
[33820] Jalmat; Tan-Yates-7 Rivers

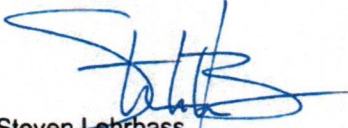
Dear Mr. McClure:

F AE 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 Leimbass
Director of Land

FAE II Operating LLC

11757 Katy Fwy #725, Houston, TX 77079

(832) 219-0990

vanessa@faenergyus.com

faeIIoperating

December 12, 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: **J C Johnson #003**
API: 30-025-10808
[79240] JALMAT; TAN-YATES-7 RVRs (GAS)
[37240] LANGLEIE MATTIX; 7 RVRs-Q-GRAYBURG

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for downhole commingling of oil and gas production from the aforementioned well and pools. This well's surface location is described below and the downhole locations of each pool are shown in the attached C-102's.

Surface Location: H-20-23S-37E 1980 FNL 660 FEL
Lat/Long: 32.2916985,-103.1785431 NAD83

The well is currently producing from the **[37240] Langlie Mattix; 7 Rivers-Queen-Grayburg** pool; Exhibit A shows the well's historical production from this pool. It is proposed to downhole commingle this pool with the **[33820] Jalmat; Tan-Yates- 7 Rivers** pool. While there is no recent production for the proposed pool in this well, there are multiple offset wells that are currently producing from the proposed pool. The average historical production of the surrounding analog wells producing from the proposed pool are shown in Exhibit B.

Decline curve analysis was used to create forecasts for each pool with a heavy weighting toward the last five years of production as it should most heavily influence future performance. Historical monthly volumes for each pool for the last five years as wells as a forecast of the combined pools are shown in Exhibit C. After comparing the forecasts generated from the historical production of the **J C Johnson #003** and the offset analogs for each pool, pool allocations were calculated on a proportional volume basis. This allocation, along with estimated IP rates for each pool after the comingling work is complete, are displayed in the table 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 you have any questions, please feel free to contact the undersigned. Thank you for your attention to this matter.

Respectfully,



Vanessa Neal

Sr Reservoir Engineer

Exhibit A – Historical Production of Current Pool

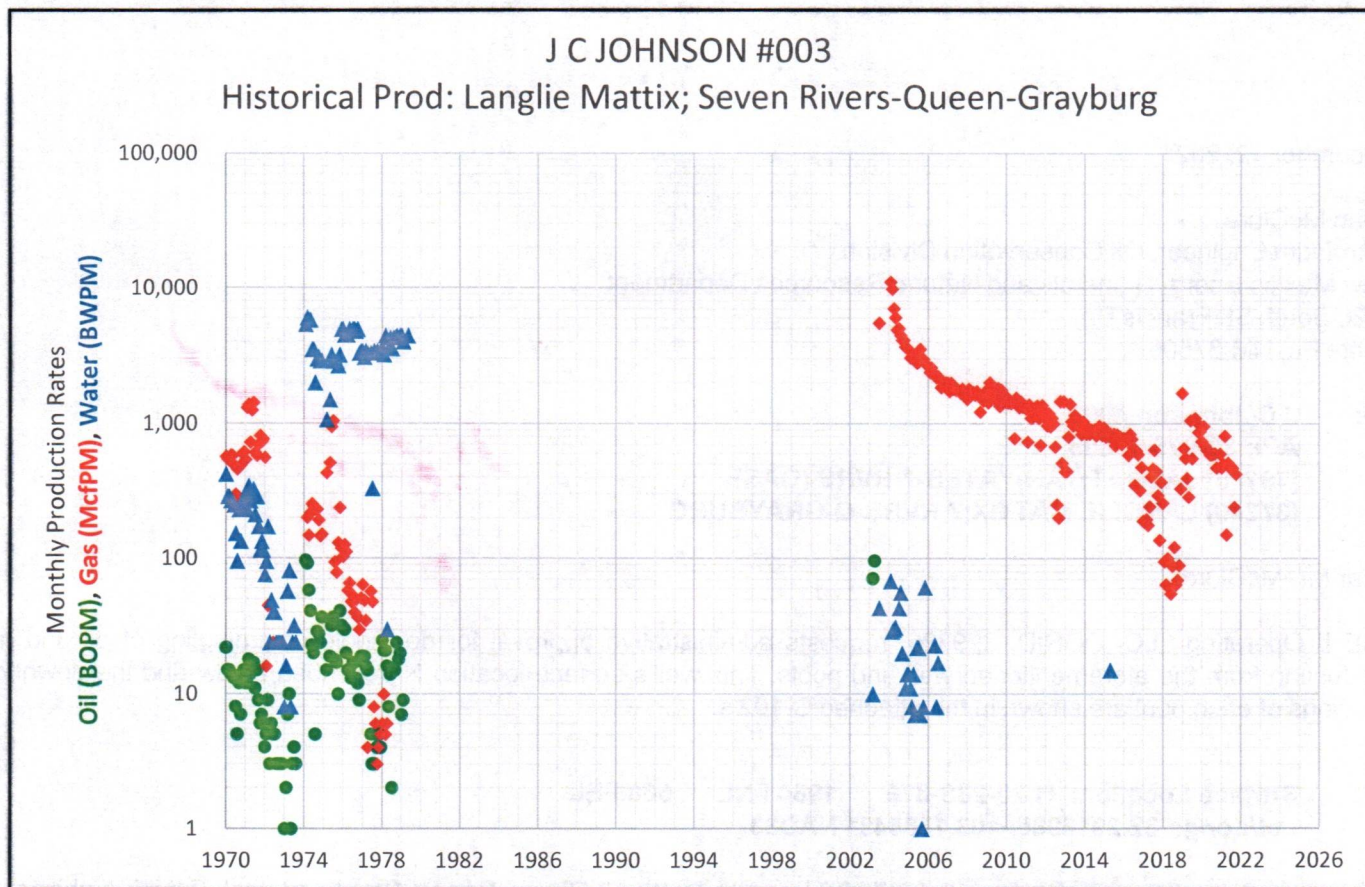


Exhibit B – Average Historical Production of Offset Analog Wells

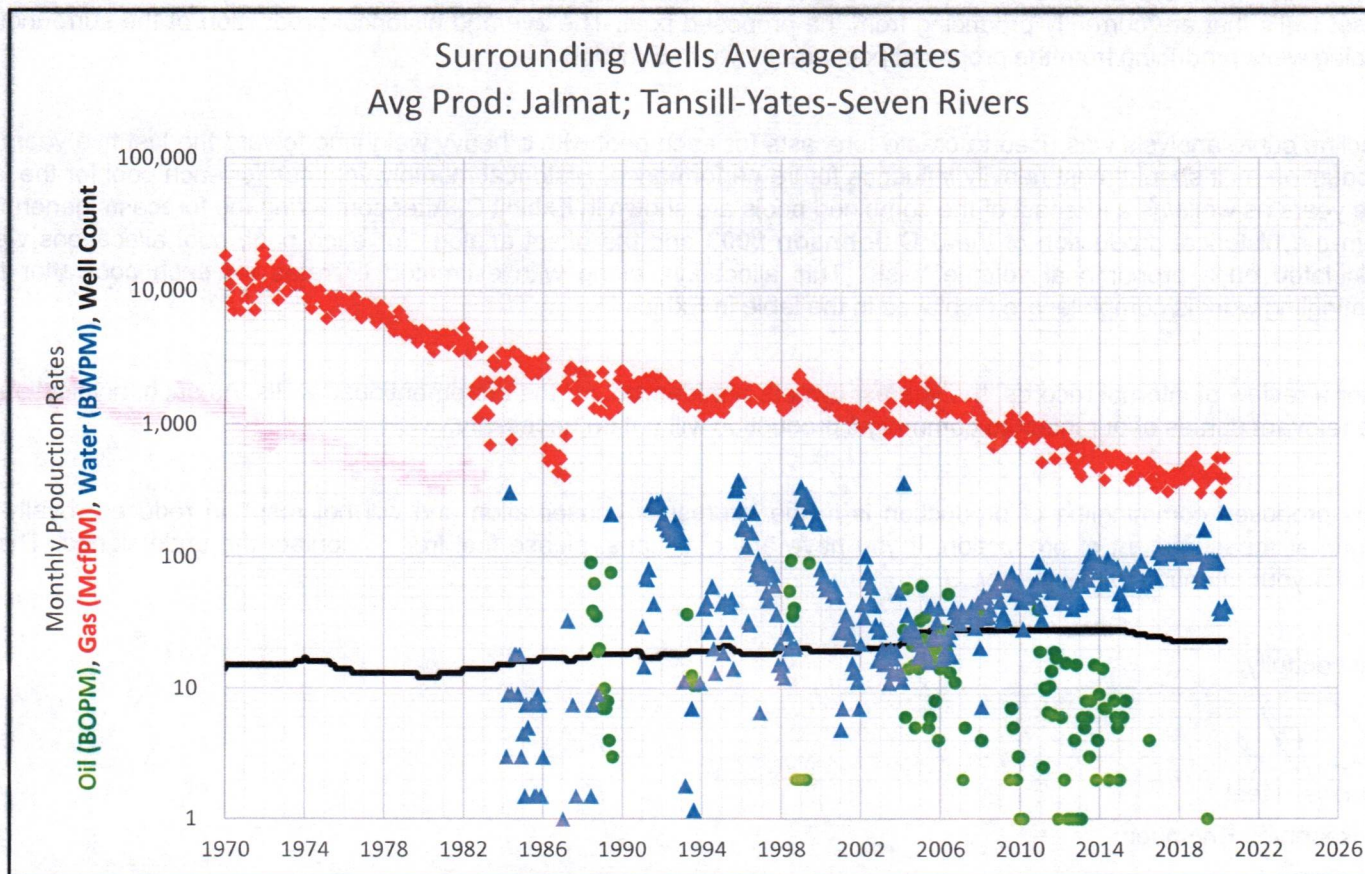


Exhibit C – Historical Production from Last 5 Years for Each Pool & Combined Future Forecast

Surrounding Wells Averaged Rates					J C JOHNSON #003				Synthetic Decline Curve			
Avg Prod: Jalmat; Tansill-Yates-Seven Rivers					Historical Prod: Langlie Mattix; Seven Rivers-							
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)
5/1/2016	-	479	66	26	5/1/2016		835		1	0.0	850	78
6/1/2016	-	512	70	25	6/1/2016		773		2	0.0	848	78
7/1/2016	4	510	72	25	7/1/2016		666		3	0.0	846	77
8/1/2016	-	384	74	25	8/1/2016		349		4	0.0	844	77
9/1/2016	-	470	70	25	9/1/2016		631		5	0.0	842	77
10/1/2016	-	456	72	25	10/1/2016		593		6	0.0	840	77
11/1/2016	-	331	70	25	11/1/2016		321		7	0.0	838	76
12/1/2016	-	335	109	25	12/1/2016		477		8	0.0	836	76
1/1/2017	-	442	109	25	1/1/2017		190		9	0.0	834	76
2/1/2017	-	378	98	25	2/1/2017		186		10	0.0	832	76
3/1/2017	-	414	109	25	3/1/2017		195		11	0.0	829	75
4/1/2017	-	379	105	24	4/1/2017		177		12	0.0	827	75
5/1/2017	-	400	109	24	5/1/2017		243		13	0.0	825	75
6/1/2017	-	309	105	24	6/1/2017		404		14	0.0	823	75
7/1/2017	-	387	109	24	7/1/2017		464		15	0.0	821	74
8/1/2017	-	403	109	24	8/1/2017		642		16	0.0	819	74
9/1/2017	-	367	105	23	9/1/2017		445		17	0.0	817	74
10/1/2017	-	424	109	23	10/1/2017		293		18	0.0	815	74
11/1/2017	-	363	105	23	11/1/2017		137		19	0.0	813	73
12/1/2017	-	426	109	23	12/1/2017		370		20	0.0	811	73
1/1/2018	-	415	109	23	1/1/2018		257		21	0.0	809	73
2/1/2018	-	382	98	23	2/1/2018		95		22	0.0	807	73
3/1/2018	-	390	109	23	3/1/2018		64		23	0.0	805	72
4/1/2018	-	381	105	23	4/1/2018		100		24	0.0	803	72
5/1/2018	-	462	109	23	5/1/2018		94		25	0.0	801	72
6/1/2018	-	404	105	23	6/1/2018		55		26	0.0	799	72
7/1/2018	-	412	109	23	7/1/2018		88		27	0.0	797	71
8/1/2018	-	517	109	23	8/1/2018		121		28	0.0	795	71
9/1/2018	-	444	105	23	9/1/2018		64		29	0.0	793	71
10/1/2018	-	435	109	23	10/1/2018		69		30	0.0	791	71
11/1/2018	-	563	105	23	11/1/2018		89		31	0.0	789	71
12/1/2018	-	472	109	23	12/1/2018		329		32	0.0	787	70
1/1/2019	-	383	72	23	1/1/2019		1,680		33	0.0	785	70
2/1/2019	-	302	65	23	2/1/2019		653		34	0.0	783	70
3/1/2019	-	416	72	23	3/1/2019		556		35	0.0	781	70
4/1/2019	-	348	160	23	4/1/2019		394		36	0.0	779	69
5/1/2019	-	402	93	23	5/1/2019		285		37	0.0	777	69
6/1/2019	1	393	90	23	6/1/2019		1,057		38	0.0	775	69
7/1/2019	-	418	93	23	7/1/2019		553		39	0.0	773	69
8/1/2019	-	396	93	23	8/1/2019		1,080		40	0.0	771	68
9/1/2019	-	407	90	23	9/1/2019		1,101		41	0.0	770	68
10/1/2019	-	457	93	23	10/1/2019		1,025		42	0.0	768	68
11/1/2019	-	444	90	23	11/1/2019		864		43	0.0	766	68
12/1/2019	-	558	93	23	12/1/2019		880		44	0.0	764	68
1/1/2020	-	413	41	23	1/1/2020		739		45	0.0	762	67
2/1/2020	-	303	37	23	2/1/2020		959		46	0.0	760	67
3/1/2020	-	387	38	23	3/1/2020		683		47	0.0	758	67
4/1/2020	-	552	215	23	4/1/2020		638		48	0.0	756	67
5/1/2020	-	388	42	23	5/1/2020		634		49	0.0	754	66
6/1/2020	-	410	42	23	6/1/2020		589		50	0.0	752	66
7/1/2020	-	360	47	23	7/1/2020		591		51	0.0	751	66
8/1/2020	-	474	51	23	8/1/2020		598		52	0.0	749	66
9/1/2020	-	435	3	23	9/1/2020		601		53	0.0	747	66
10/1/2020	-	292	73	23	10/1/2020		472		54	0.0	745	65
11/1/2020	-	340	5	21	11/1/2020		-		55	0.0	743	65
12/1/2020	-	391	54	21	12/1/2020		598		56	0.0	741	65
1/1/2021	-	318	81	22	1/1/2021		471		57	0.0	739	65
2/1/2021	-	188	84	22	2/1/2021		501		58	0.0	737	65
3/1/2021	-	283	-	22	3/1/2021		808		59	0.0	736	64
4/1/2021	-	156	-	22	4/1/2021		150		60	0.0	734	64
5/1/2021	-	324	1	22	5/1/2021		513					
6/1/2021	-	320	4	18	6/1/2021		492					
7/1/2021	-	344	2	18	7/1/2021		461					
8/1/2021	-	400	5	18	8/1/2021		470					
9/1/2021	-	291	2	18	9/1/2021		240					
10/1/2021	-	424	3	8	10/1/2021		422					

Exhibit D – Pool Allocations & Post Workover IP Rates

	OIL	GAS	WATER	POOL
5 yr Cum	1	23,350	4,669	[33820] JALMAT; TAN-YATES-7 RIVERS
Allocated %	100%	46%	100%	
IP Rate	-	12.8	2.6	
5 yr Cum	-	27,727	-	[37240] LANGLIE MATTIX; 7 RIVERS-QUEEN-GRAYBURG
Allocated %	-	54%	-	
IP Rate	-	15.2	-	
IP Rate	-	28.0	2.6	Commingled (Total)

Well Name: **J C JOHNSON #003** Lease No: _____ Lease Type: **Private**
 Township: **23-S** Range: **37-E** Sec: **20-H** Location: **1980' FNL & 660' FEL**
 County: **Lea** State: **NM** API: **30-025-10808** Formation: **DHC: Jalmat-Langlie Mattix; T-Y-7 RVRs**

Surface Csg

Size: **8-5/8"**
 Wt.&Thrd: **28#**
 Grade: _____
 Set @: **1066'**
 Sxs cmt: **300 sxs**
 Circ: **Circ**
 TOC: **Surface**
 Hole Size: **10-1/2"**

KB: **3315'**
 DF: **3314'**
 GL: **3299'**
 Spud Date: **9/4/1945**
 Compl. Date: **1/11/1946**

History - Highlights

2004-02: Set CIBP. RC to Jalmat, Perf Tansill-Yates-7 RVR
Proposed: DO cmt & CIBP, Add Perfs & Acidize Jalmat & Langlie Mattix Pools (DHC)

SN **3619'**
 EOT **3655'**

Production Csg

Size: **7"**
 Wt.&Thrd: **20#**
 Grade: _____
 Set @: **3600'**
 Sxs Cmt: **200 sxs**
 Circ: _____
 TOC: **10'**
 Hole Size: **8-1/2"**

Production Lnr

Size: **5"**
 Wt.&Thrd: _____
 Grade: **13#**
 Set @: **3274-3952'**
 Sxs Cmt: **150 sxs**
 Circ: _____
 TOC: **TOL**
 Hole Size: **6-3/4"**

Mud Fluid **3952-6205'**
 Cmt Plug **6205-6957'**

Open Hole

Size: **6-3/4"**
 Down to: **6957'**

PROPOSED

PBTD 3952'
TD 6957'

YATES (Top @ 2590')

2565-2890' (36 holes) - Feb 2004

Acidized w/ 1000 gals 15% NEFE acid; Foam frac w/ 40,000# 16/30 sand & 30 ton CO2

SEVEN RIVERS (Top @ 2815')

2971', 2982', 2995', 3007', 3025', 3042', 3059', 3087', 3096', 3140', 3150', 3160', 3176', 3188', 3213', 3244', 3260' (2 SPF) - Proposed

Acidize w/ QUEEN w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt, & flush w/ 500 bbls 2% KCL wtr w/ biocide

QUEEN (Top @ 3268')

3274', 3288', 3312', 3335', 3348' (2 SPF) - Proposed

Acidize w/ SEVEN RIVERS perfs

3376'-84', 3393'-3411', 3418'-3425' (124 shots) - Jan 1954 [SQUEEZED]

Frac w/ 10,000 gals (halliburton).

GRAYBURG (Top @ 3576')

3555-3563' (4 holes) - Mar 1975

Acidized w/ 1000 gal 15% NE acid

3592-3596', 3610-3612', 3691-3698', 3716-3720', 3728-3732', 3742-3744', 3752-3756', 3775-3778', 3794-3798' (76 holes) - Jan 1974

Frac w/ 40,000 gal gel brine, 40,000# 20/40 sand, 1500# rock salt

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 8rd EUE Tubing (~112 jts 2-3/8" tubing, SN, 4' perf sub, MA w/ bull plug)

Well Name: **J C JOHNSON #003** Lease No: _____ Lease Type: **Private**
 Township: **23-S** Range: **37-E** Sec: **20-H** Location: **1980' FNL & 660' FEL**
 County: **Lea** State: **NM** API: **30-025-10808** Formation: **JALMAT; TAN-YATES-7 RVRs**

CURRENT**Surface Csg**

Size: **8-5/8"**
 Wt.&Thrd: **28#**
 Grade: _____
 Set @: **1066'**
 Sxs cmt: **300 sxs**
 Circ: **Circ**
 TOC: **Surface**
 Hole Size: **10-1/2"**

KB: **3315'**
 DF: **3314'**
 GL: **3299'**
 Spud Date: **9/4/1945**
 Compl. Date: **1/11/1946**

History - Highlights

2004-02: Set CIBP. RC to Jalmat, Perf Tansill-Yates-7 RVR

All info from OCD well files ONLY

Cmt on top **2990'**
 CIBP **3000'**

Production Csg

Size: **7"**
 Wt.&Thrd: **20#**
 Grade: _____
 Set @: **3600'**
 Sxs Cmt: **200 sxs**
 Circ: _____
 TOC: **10'**
 Hole Size: **8-1/2"**

YATES (Top @ 2590')

2565-2890' (36 holes) - Feb 2004

Acidized w/ 1000 gals 15% NEFE acid; Foam frac w/ 40,000# 16/30 sand & 30 ton CO2

SEVEN RIVERS (Top @ 2815')**Production Lnr**

Size: **5"**
 Wt.&Thrd: _____
 Grade: **13#**
 Set @: **3274-3952'**
 Sxs Cmt: **150 sxs**
 Circ: _____
 TOC: **TOL**
 Hole Size: **6-3/4"**

QUEEN (Top @ 3268') [SQUEEZED]

3378'-84', 3393'-3411', 3418'-3425' (124 shots) - Jan 1954

Frac w/ 10,000 gals (halliburton).

GRAYBURG (Top @ 3576') [ISOLATED]

3555-3563' (4 holes) - Mar 1975

Acidized w/ 1000 gal 15% NE acid

3592-3596', 3610-3612', 3691-3698', 3716-3720', 3728-3732', 3742-3744', 3752-3758', 3775-3778', 3794-3798' (76 holes) - Jan 1974

Frac w/ 40,000 gal gel brine, 40,000# 20/40 sand, 1500# rock salt

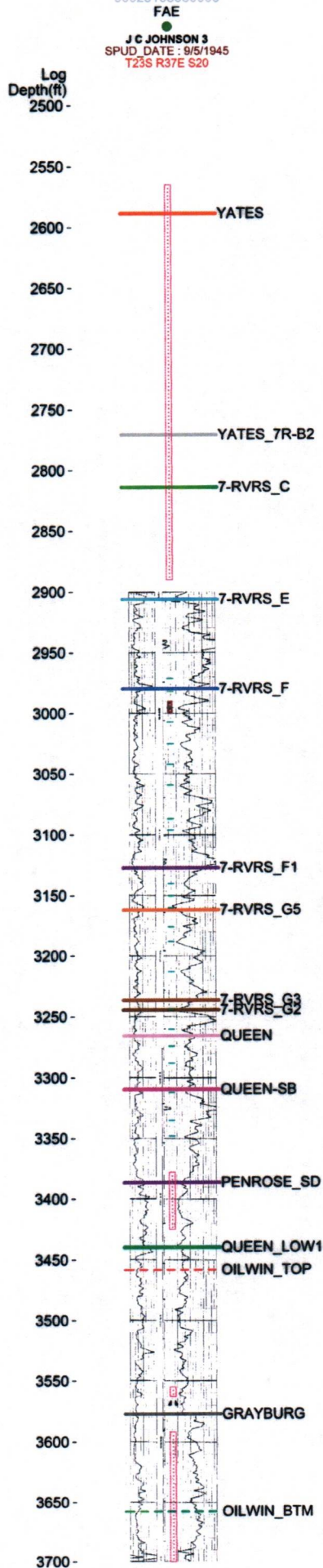
Mud Fluid **3952-6205'**
 Cmt Plug **6205-6957'**

Open Hole

Size: **6-3/4"**
 Down to: **6957'**

PBTD 2990'
 TD 6957'

Tubulars - Capacities and Performance



API14	SOURCE	STATUS	TOP PERF	BASE PERF	INTERVAL
30025108080000		ACTIVE	2565	2890	
30025108080000	CJH	PROPOSED	2971	2971	1
30025108080000	CJH	PROPOSED	2982	2982	1
30025108080000		BRIDGEPLUG	2990	3000	
30025108080000	CJH	PROPOSED	2995	2995	1
30025108080000	CJH	PROPOSED	3007	3007	1
30025108080000	CJH	PROPOSED	3025	3025	1
30025108080000	CJH	PROPOSED	3042	3042	1
30025108080000	CJH	PROPOSED	3059	3059	1
30025108080000	CJH	PROPOSED	3087	3087	1
30025108080000	CJH	PROPOSED	3096	3096	1
30025108080000	CJH	PROPOSED	3140	3140	1
30025108080000	CJH	PROPOSED	3150	3150	1
30025108080000	CJH	PROPOSED	3160	3160	1
30025108080000	CJH	PROPOSED	3176	3176	1
30025108080000	CJH	PROPOSED	3188	3188	1
30025108080000	CJH	PROPOSED	3213	3213	1
30025108080000	CJH	PROPOSED	3244	3244	1
30025108080000	CJH	PROPOSED	3260	3260	1
30025108080000	CJH	PROPOSED	3274	3274	1
30025108080000	CJH	PROPOSED	3288	3288	1
30025108080000	CJH	PROPOSED	3312	3312	1
30025108080000	CJH	PROPOSED	3335	3335	1
30025108080000	CJH	PROPOSED	3348	3348	1
30025108080000		ACTIVE	3378	3425	
30025108080000		ACTIVE	3555	3563	
30025108080000		ACTIVE	3592	3798	
				SUM	22

J C JOHNSON 3
ELEV GR : 3.308
TD : 6.957

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District IV
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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 30-025-10808	² Pool Code 33820	³ Pool Name JALMAT; TANSILL-YATES-7 RVRS (OIL)
⁴ Property Code 329835	⁵ Property Name J C JOHNSON	⁶ Well Number #003
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC	⁹ Elevation 3299'

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	20	23S	37E		1980	N	660	E	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
H	20	23S	37E		1980	N	660	E	LEA

¹² Dedicated Acres 40	¹³ Joint or Infill Y	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 11/5/2021 VANESSA NEAL Printed Name vanessa@faenergyus.com E-mail Address	
	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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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-10808	² Pool Code 37240	³ Pool Name LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG
⁴ Property Code 329835	⁵ Property Name J C JOHNSON	⁶ Well Number #003
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC	⁹ Elevation 3299'

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	20	23S	37E		1980	N	660	E	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
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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 11/16/2021 Date VANESSA NEAL Printed Name vanessa@faenergyus.com E-mail Address	
	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	

From: [Engineer, OCD, EMNRD](#)
To: [Vanessa Neal](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com
Subject: Approved Administrative Order DHC-5168
Date: Friday, April 15, 2022 11:24:53 AM
Attachments: [DHC5168 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5168 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

Well Name: J C Johnson #3

Well API: 30-025-10808

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-5168

ORDER

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

FINDINGS OF FACT

1. FAE II Operating, LLC (“Applicant”) submitted a complete application (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
6. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
7. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.
9. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
10. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
12. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Applicant shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
3. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
4. Prior to commingling production from the Pools within the Well's well bore, Applicant shall confirm the depth of the top of the Queen Formation with OCD's Engineering Bureau. If the depth confirmed by OCD's Engineering Bureau 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

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**



ADRIENNE E. SANDOVAL
DIRECTOR

DATE: 4/15/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5168**

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

Well Name: **J C Johnson #3**

Well API: **30-025-10808**

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

Upper Zone

Pool ID: **33820**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **100%**

Gas: **46%**

Interval: **Perforations**

Top: **2,565**

Bottom: **3,168**

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: **LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG**

Lower Zone

Pool ID: **37240**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **0%**

Gas: **54%**

Interval: **Perforations**

Top: **3,168**

Bottom: **3,798**

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

Top of Queen Formation: **3,268**

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Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 67422

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 67422
	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.	4/15/2022