

| | | | | | |
|---------|----------|----------|-----------|------|---------|
| DATE IN | SUSPENSE | ENGINEER | LOGGED IN | TYPE | APP NO. |
|---------|----------|----------|-----------|------|---------|

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.

David Schellstede

Print or Type Name

[Signature]

Signature

COO

Title

7/14/2022

Date

david@faenargyus.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

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

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

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: FAE II Operating, LLC

OPERATOR ADDRESS: 11757 Katy Fwy, Ste. 1000, Houston, TX 77079

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of Non-Commingled Production | Calculated Gravities / BTU of Commingled Production | Calculated Value of Commingled Production | Volumes |
|--------------------------|--|---|--|-------------|
| 79240 JALMAT | 1.5147 BTU | 1.3530 BTU | 989 MMBtu/month x \$2.10/MMBtu = \$2,077/month | 274 |
| | | | | MMBtu/month |
| 83810 RHODES | 1.2795 BTU | | | 715 |
| | | | | MMBtu/month |

(2) Are any wells producing at top allowables? ☐ Yes ☒ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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: 2/8/2021

TYPE OR PRINT NAME Marshall Bates

TELEPHONE NO.: (832) 241-8080

E-MAIL ADDRESS: Marshall@FAEnergy.us.com

faeIIoperating

February 8, 2021

VIA ONLINE FILING

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

Re: Application of FAE II Operating, LLC for Administrative Approval to Surface Commingle and Sell Gas Production from the Rhodes Gas Pool for the Cagle C Federal Com #6 well at the Cagle C #5 Tank Battery located in Unit N, Sec. 3, T-26S, R-37E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for surface commingling of gas production for its Cagle C lease located in Section 3 of Township 26S, Range 37E as shown on the map in Exhibit A. The lease is also identified by outline and legend. Exhibit B offers further detail on the relevant wells.

The attached battery diagrams, Exhibits C and D, are accurate schematics of the current facility and the proposed commingled facility, respectively. A new 2-inch gas flowline will be laid from the Cagle C Federal Com #6 and tie in to the suction side of the compressor at the Cagle C #5 CTB. The Cagle C #5 will have a gas orifice (allocation) meter manufactured and assembled in accordance with American Gas Association specifications. The Cagle C Federal Com #6 gas production will be determined by subtracting the metered well from the total production measured at the lease custody transfer meter.

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

This proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. If there are further questions concerning this application, please feel free to contact the undersigned by email at marshall@faenergyus.com or by telephone at (832) 241-8080.

Very truly yours,



FAE II Operating, LLC

faeIoperating

Exhibit A – Lease Boundaries Map

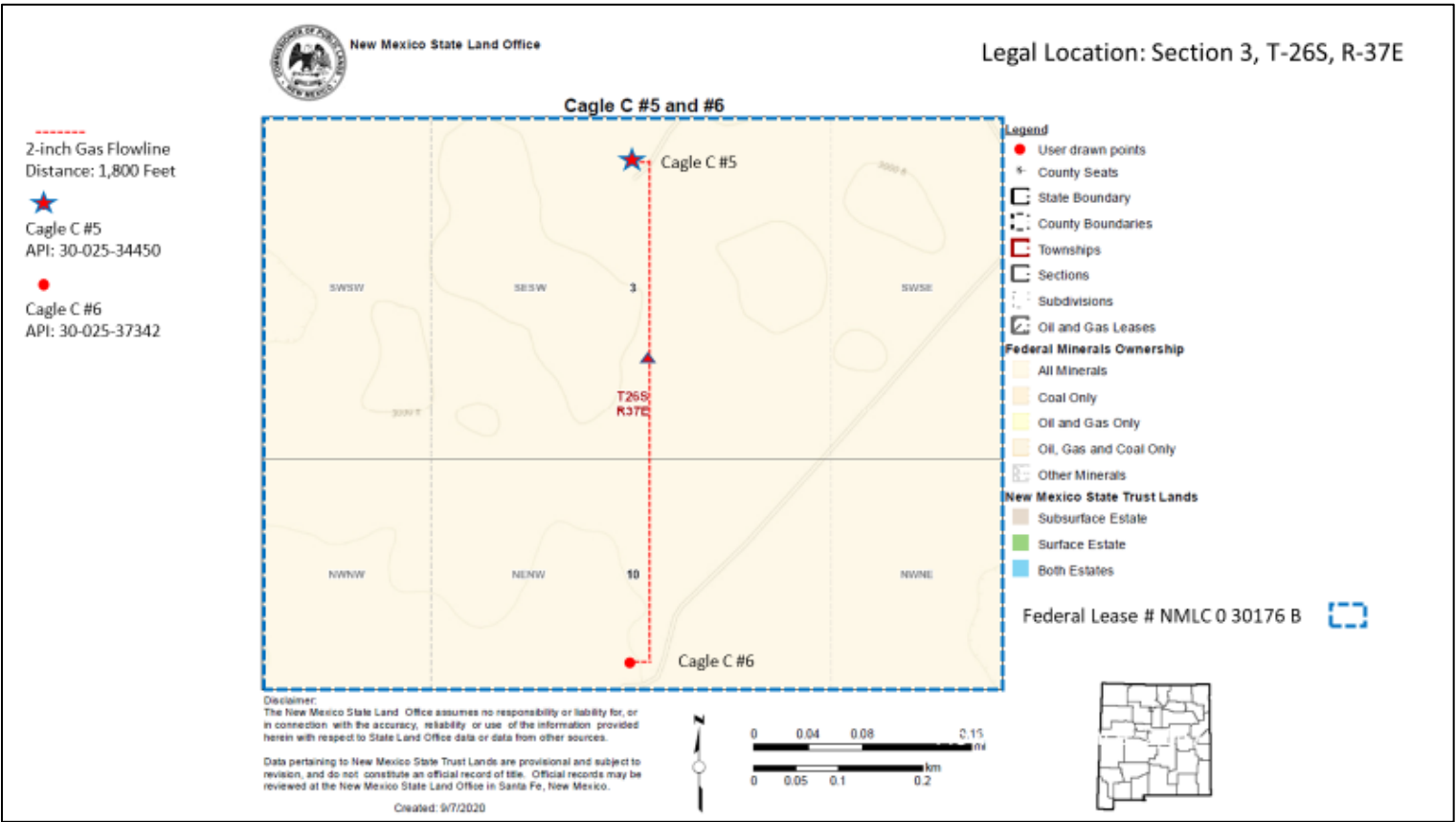
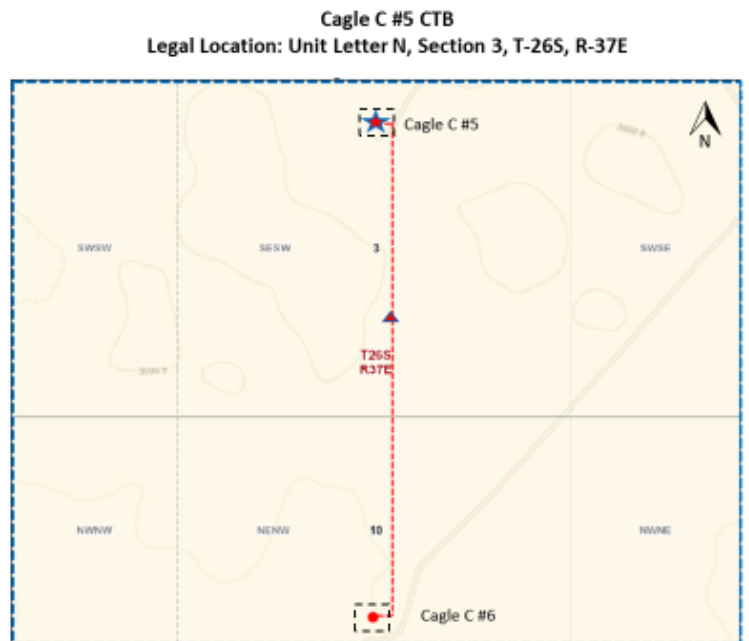
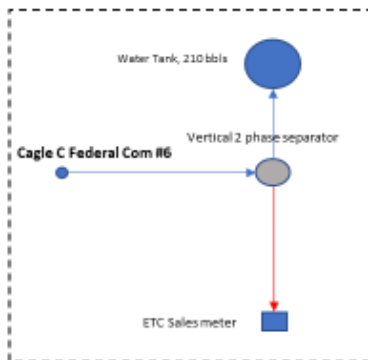
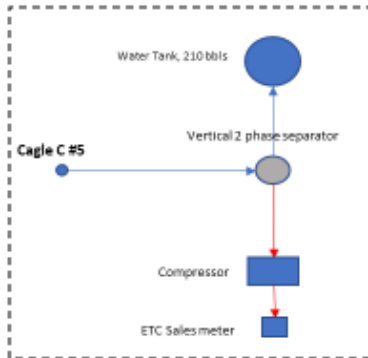


Exhibit B – Lease and Well Information

| Well Name | Federal Lease No. | API # | Pool ID |
|------------------------|-------------------|--------------|--|
| Cagle C #5 | NMLC030176B | 30-025-34450 | 79240 JALMAT; TAN-YATES-7 RVRS (GAS) |
| Cagle C Federal Com #6 | NMLC030176B | 30-025-37342 | 83810 RHODES; YATES-SEVEN RIVERS (GAS) |

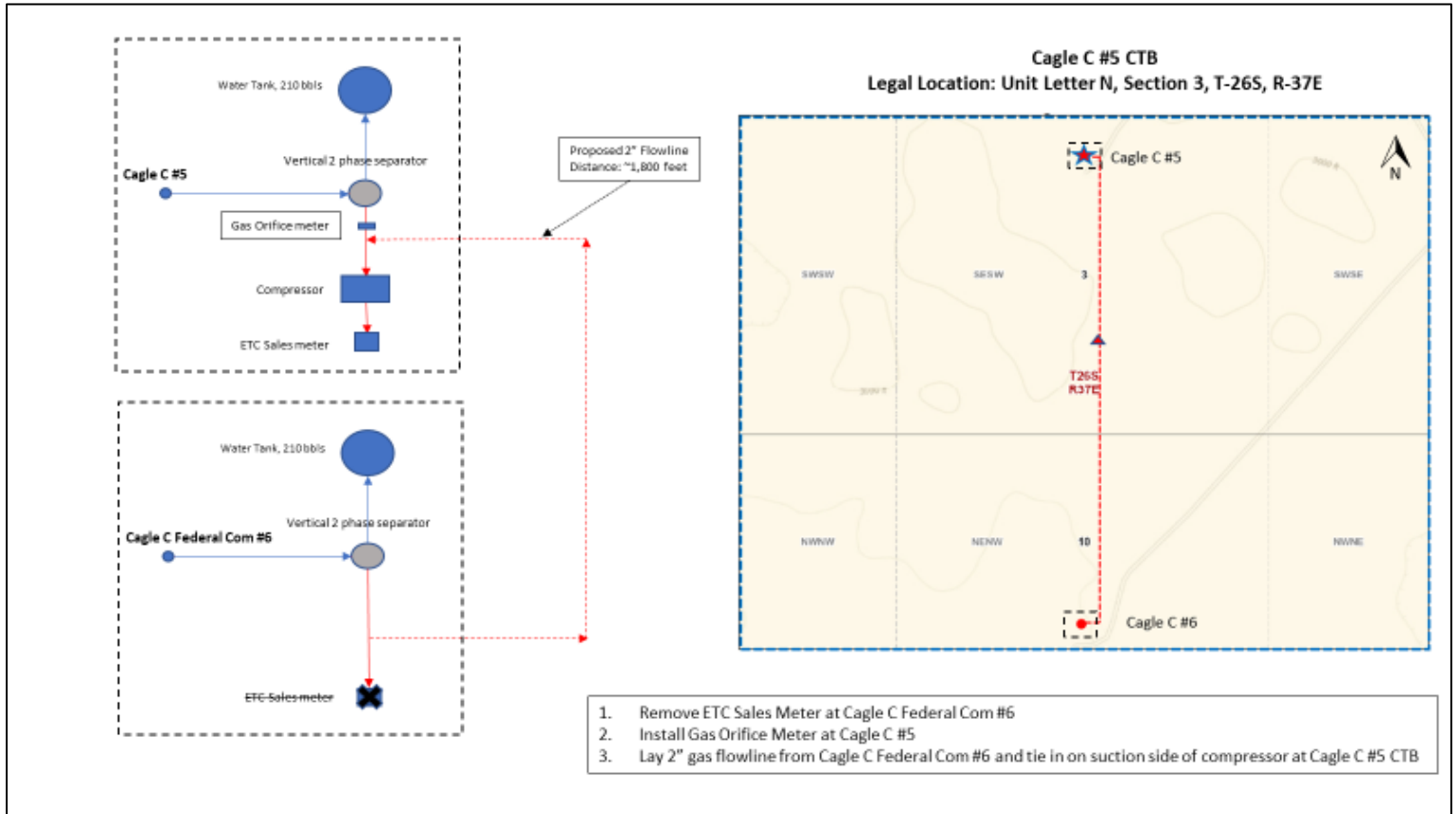
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Exhibit C – Current Facility Layout



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Exhibit D – Proposed Facility Layout



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Exhibit E – Ownership Information

| Well Name(s) | Ownership Type | Name | Address |
|---------------------------------------|-----------------------|-------------------------------------|---|
| Cagle C #5, Cagle C Federal Com #6 | Working | FAE II Operating LLC | 11757 Katy Fwy Ste. 1000 Houston, TX 77079-1762 |
| Cagle C #5, Cagle C Federal Com #6 | Royalty | Office of Natural Resources Revenue | PO Box 25627 Denver, CO 80225-0627 |
| Cagle C #5, Cagle C Federal Com #6 | Overriding Royalty | The McDaniel Company | 12900 Preston Road, Suite 415 Dallas, TX 75231 |
| Cagle C #5, Cagle C Federal Com #6 | Overriding Royalty | Marjam Energy, LLC | 10440 N. Central Express Way, Ste. 1010 Dallas, TX 75231 |
| Cagle C #5, Cagle C Federal Com #6 | Overriding Royalty | Milagro Resources, LP | 415 West Wall Avenue, Suite 1118 Midland, TX 79701 |
| Cagle C #5, Cagle C Federal Com #6 | Overriding Royalty | John F. Special | PO Box 369 Stillwater, OK 74076 |
| Cagle C #5, Cagle C Federal Com #6 | Overriding Royalty | Larry Bond | 3501 French Park Drive, Suite G Edmond, OK 73034 |
| Cagle C #5, Cagle C Federal Com #6 | Overriding Royalty | Jimmie Eden Jr. Trust | PO Box 17 Stillwater, OK 74074 |
| Cagle C #5, Cagle C Federal Com #6 | Overriding Royalty | Legat, LLC | 6114 W. Canterbury Drive Stillwater, OK 74074 |
| Cagle C Federal Com #6 | Overriding Royalty | Selma E Andrews Trust | PO Box 840738 Dallas, TX 75284-0738 |
| Cagle C Federal Com #6 | Overriding Royalty | Braille Institute of America | PO Box 840738 Dallas, TX 75284-0738 |
| Cagle C Federal Com #6 | Overriding Royalty | Weslynn McCallister | 8388 S. Tamiami Trail #229 Sarasota, FL 34238 |

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Exhibit F – Certified Mail Receipts

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only

For delivery information, visit our website at www.usps.com.

Midland, TX 79701

Certified Mail Fee \$3.60

Extra Services & Fees (check box, add fee as appropriate)

| | |
|--|--------|
| <input type="checkbox"/> Return Receipt (hardcopy) | \$2.85 |
| <input type="checkbox"/> Return Receipt (electronic) | \$0.00 |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$0.00 |
| <input type="checkbox"/> Adult Signature Required | \$0.00 |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$0.00 |

Postage \$0.75

Total Postage and Fees \$7.20

Sent To: Milagro Resources, LP
Street and Apt. No., or PO Box No. 415 West Wall Ave. Ste 1118
City, State, ZIP+4® Midland, TX 79701

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only

For delivery information, visit our website at www.usps.com.

Stillwater, OK 74076

Certified Mail Fee \$3.60

Extra Services & Fees (check box, add fee as appropriate)

| | |
|--|--------|
| <input type="checkbox"/> Return Receipt (hardcopy) | \$2.85 |
| <input type="checkbox"/> Return Receipt (electronic) | \$0.00 |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$0.00 |
| <input type="checkbox"/> Adult Signature Required | \$0.00 |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$0.00 |

Postage \$0.75

Total Postage and Fees \$7.20

Sent To: John F. Special
Street and Apt. No., or PO Box No. PO Box 369
City, State, ZIP+4® Stillwater, OK 74076

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only

For delivery information, visit our website at www.usps.com.

Stillwater, OK 74074

Certified Mail Fee \$3.60

Extra Services & Fees (check box, add fee as appropriate)

| | |
|--|--------|
| <input type="checkbox"/> Return Receipt (hardcopy) | \$2.85 |
| <input type="checkbox"/> Return Receipt (electronic) | \$0.00 |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$0.00 |
| <input type="checkbox"/> Adult Signature Required | \$0.00 |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$0.00 |

Postage \$0.75

Total Postage and Fees \$7.20

Sent To: Legat LLC
Street and Apt. No., or PO Box No. 6114 W. Canterbury Drive
City, State, ZIP+4® Stillwater, OK 74074

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only

For delivery information, visit our website at www.usps.com.

Stillwater, OK 74076

Certified Mail Fee \$3.60

Extra Services & Fees (check box, add fee as appropriate)

| | |
|--|--------|
| <input type="checkbox"/> Return Receipt (hardcopy) | \$2.85 |
| <input type="checkbox"/> Return Receipt (electronic) | \$0.00 |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$0.00 |
| <input type="checkbox"/> Adult Signature Required | \$0.00 |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$0.00 |

Postage \$0.75

Total Postage and Fees \$7.20

Sent To: Jimmie Eden Jr. Trust
Street and Apt. No., or PO Box No. PO Box 17
City, State, ZIP+4® Stillwater, OK 74074

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**U.S. Postal Service™
CERTIFIED MAIL® RECEIPT**
Domestic Mail Only

For delivery information, visit our website at www.usps.com.

Edmond, OK 73034

Certified Mail Fee \$3.60

Extra Services & Fees (check box, add fee as appropriate)

| | |
|--|--------|
| <input type="checkbox"/> Return Receipt (hardcopy) | \$2.85 |
| <input type="checkbox"/> Return Receipt (electronic) | \$0.00 |
| <input type="checkbox"/> Certified Mail Restricted Delivery | \$0.00 |
| <input type="checkbox"/> Adult Signature Required | \$0.00 |
| <input type="checkbox"/> Adult Signature Restricted Delivery | \$0.00 |

Postage \$0.75

Total Postage and Fees \$7.20

Sent To: Larry Bond
Street and Apt. No., or PO Box No. 3501 French Park Drive, Suite G
City, State, ZIP+4® Edmond, OK 73034

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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| | |
|--------------------------|--|
| 7020 0090 0000 6900 0276 | U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only For delivery information, visit our website at www.usps.com . Denver, CO 80225 OFFICIAL USE Certified Mail Fee \$3.60 Extra Services & Fees (check box, add fee as appropriate) <input type="checkbox"/> Return Receipt (hardcopy) \$0.00 <input type="checkbox"/> Return Receipt (electronic) \$0.00 <input type="checkbox"/> Certified Mail Restricted Delivery \$0.00 <input type="checkbox"/> Adult Signature Required \$0.00 <input type="checkbox"/> Adult Signature Restricted Delivery \$0.00 Postage \$0.75 Total Postage and Fees \$7.20 Sent To: Office of Natural Resources Revenue Street and Apt. No., or PO Box No. PO Box 25627 City, State, ZIP+4® Denver, CO 80225-0627 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions |
| 7020 0090 0000 6900 0351 | U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only For delivery information, visit our website at www.usps.com . Dallas, TX 75284 OFFICIAL USE Certified Mail Fee \$3.60 Extra Services & Fees (check box, add fee as appropriate) <input type="checkbox"/> Return Receipt (hardcopy) \$0.00 <input type="checkbox"/> Return Receipt (electronic) \$0.00 <input type="checkbox"/> Certified Mail Restricted Delivery \$0.00 <input type="checkbox"/> Adult Signature Required \$0.00 <input type="checkbox"/> Adult Signature Restricted Delivery \$0.00 Postage \$0.75 Total Postage and Fees \$7.20 Sent To: Selma E Andrews Trust Street and Apt. No., or PO Box No. PO Box 840738 City, State, ZIP+4® Dallas, TX 75284-0738 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions |
| 7020 0090 0000 6900 0368 | U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only For delivery information, visit our website at www.usps.com . Dallas, TX 75284 OFFICIAL USE Certified Mail Fee \$3.60 Extra Services & Fees (check box, add fee as appropriate) <input type="checkbox"/> Return Receipt (hardcopy) \$0.00 <input type="checkbox"/> Return Receipt (electronic) \$0.00 <input type="checkbox"/> Certified Mail Restricted Delivery \$0.00 <input type="checkbox"/> Adult Signature Required \$0.00 <input type="checkbox"/> Adult Signature Restricted Delivery \$0.00 Postage \$0.75 Total Postage and Fees \$7.20 Sent To: Braille Institute of America Street and Apt. No., or PO Box No. PO Box 840738 City, State, ZIP+4® Dallas, TX 75284-0738 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions |
| 7020 0090 0000 6900 0375 | U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only For delivery information, visit our website at www.usps.com . Dallas, TX 75284 OFFICIAL USE Certified Mail Fee \$3.60 Extra Services & Fees (check box, add fee as appropriate) <input type="checkbox"/> Return Receipt (hardcopy) \$0.00 <input type="checkbox"/> Return Receipt (electronic) \$0.00 <input type="checkbox"/> Certified Mail Restricted Delivery \$0.00 <input type="checkbox"/> Adult Signature Required \$0.00 <input type="checkbox"/> Adult Signature Restricted Delivery \$0.00 Postage \$0.75 Total Postage and Fees \$7.20 Sent To: Weslynn McCallister Street and Apt. No., or PO Box No. 8388 S. Tamiami Trail # 229 City, State, ZIP+4® Sarasota, FL 34238 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions |
| 7020 0090 0000 6900 0283 | U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only For delivery information, visit our website at www.usps.com . Dallas, TX 75231 OFFICIAL USE Certified Mail Fee \$3.60 Extra Services & Fees (check box, add fee as appropriate) <input type="checkbox"/> Return Receipt (hardcopy) \$0.00 <input type="checkbox"/> Return Receipt (electronic) \$0.00 <input type="checkbox"/> Certified Mail Restricted Delivery \$0.00 <input type="checkbox"/> Adult Signature Required \$0.00 <input type="checkbox"/> Adult Signature Restricted Delivery \$0.00 Postage \$0.75 Total Postage and Fees \$7.20 Sent To: The McDaniel Company Street and Apt. No., or PO Box No. 12900 Preston Rd. Ste. 415 City, State, ZIP+4® Dallas, TX 75231 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions |
| 7020 0090 0000 6900 0290 | U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only For delivery information, visit our website at www.usps.com . Dallas, TX 75231 OFFICIAL USE Certified Mail Fee \$3.60 Extra Services & Fees (check box, add fee as appropriate) <input type="checkbox"/> Return Receipt (hardcopy) \$0.00 <input type="checkbox"/> Return Receipt (electronic) \$0.00 <input type="checkbox"/> Certified Mail Restricted Delivery \$0.00 <input type="checkbox"/> Adult Signature Required \$0.00 <input type="checkbox"/> Adult Signature Restricted Delivery \$0.00 Postage \$0.75 Total Postage and Fees \$7.20 Sent To: Marjam Energy, LLC Street and Apt. No., or PO Box No. 10440 N. Central Express Way, Ste. 1010 City, State, ZIP+4® Dallas, TX 75231 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions |

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

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

Beginning with the issue dated
December 30, 2021
and ending with the issue dated
December 30, 2021.



Publisher

Sworn and subscribed to before me this
30th day of December 2021.

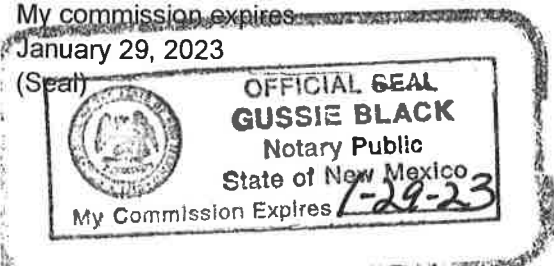


Business Manager

My commission expires

January 29, 2023

(Seal)



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

| LEGAL | LEGAL |
|---|-------|
| LEGAL NOTICE December 30, 2021 | |
| <p>Commingling Notification: Interested parties must file objections or requests for hearing in writing with the Oil Conservation Division Santa Fe office within 20 days after publication, or the division may approve the application.</p> <p>FAE II Operating, LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079 832-706-0041 Marshall Bates Location: T26S-R37E, Section 3 Facility Location: T25S-R37E, Section 3; Unit Letter N Cagle C #5 - API: 30-025-34450 Cagle C #6 - API: 30-025-37342 Commingling production is pooled from the Jalmat; Tan-Yates-7 Rivers (79240 - Gas) & Rhodes; Yates-Seven Rivers (83810 - Gas) #37184</p> | |

67115951

00262169

MARITZA SANTANA
FORTY ACRES ENERGY
11757 KATY FREEWAY, STE 725
HOUSTON, TX 77079

From: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Vanessa Peace](#)
Subject: [EXTERNAL] RE: surface commingling application PLC-741
Date: Friday, January 7, 2022 9:47:32 AM
Attachments: [D86F4284E6E14925BAE1E77BECF35368\[352512597\].png](#)
[37184 MARSHALL .pdf](#)

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

Dean,

Please see attached for the affidavit of publication, and our tracking number for the BLM notification is 7021 0350 0001 5380 9950.

To our knowledge this should take care of what was missing from the application.

Thank you,

Marshall Bates | Engineering Tech

forty acres energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

O [832.241.8080 \(ext. 161\)](tel:832.241.8080)

C [713.253.2885](tel:713.253.2885)

E marshall@faenergyus.com

From: [Marshall Bates](#)
Sent: Monday, December 27, 2021 9:13 AM
To: [McClure, Dean, EMNRD](#)
Cc: [Vanessa Peace](#)
Subject: RE: surface commingling application PLC-741

Hi Dean,

We have requested an affidavit of publication as those two showing "In Transit" have come back return to sender. I will also be sending you proof of notification to the BLM shortly.

Thank you,

Marshall Bates | Engineering Tech

forty acres energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

O [832.241.8080 \(ext. 161\)](tel:832.241.8080)

C [713.253.2885](tel:713.253.2885)

E marshall@faenergyus.com

From: [McClure, Dean, EMNRD](#)
Sent: Wednesday, December 22, 2021 5:02 PM
To: [Marshall Bates](#)

Subject: RE: surface commingling application PLC-741

Mr. Bates,

Do you have any updates regarding the requests below? If you have responded in the past, please resend it as I am not seeing a response in my email search.

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

From: McClure, Dean, EMNRD
Sent: Friday, April 30, 2021 6:11 AM
To: Marshall Bates <marshall@faenergyus.com>
Subject: surface commingling application PLC-741

Mr. Bates,

I am reviewing surface commingling application PLC-741 which involves the Cagle C 5 Central Tank Battery operated by FAE II Operating, LLC (329326).

Please confirm that the following persons have been notified of this application:

| | | | |
|------------------|----------------------------|---------------------------------|-------------------|
| 3/13/2021 | Larry Bond | 7020 0090 0000 6900 0320 | In-Transit |
| 2/17/2021 | Weslynn McCallister | 7020 0090 0000 6900 0375 | In-Transit |
| | BLM | unknown | |

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

From: [Engineer, OCD, EMNRD](#)
To: [Brittney Storfa](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#)
Subject: Approved Administrative Order PLC-741
Date: Monday, May 9, 2022 4:13:43 PM
Attachments: [PLC741 Order.pdf](#)

NMOCD has issued Administrative Order PLC-741 which authorizes FAE II Operating, LLC (329326) to surface commingle or off-lease measure, as applicable, the following wells:

| Well API | Well Name | Location (NMPM) | Pool Code |
|--------------|------------------------|-----------------|-----------|
| 30-025-34450 | Cagle C #5 | N-03-26S-37E | 79240 |
| 30-025-37342 | Cagle C Federal Com #6 | C-10-26S-37E | 83810 |

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: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Vanessa Peace](#)
Subject: [EXTERNAL] RE: surface commingling application PLC-741
Date: Tuesday, January 18, 2022 9:25:18 AM
Attachments: [image001.png](#)
[Affidavit of Publication - Cagle.pdf](#)

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

Here you go! Please see attached for signed affidavit. Sorry for the delay.

Marshall Bates | Engineering Tech

forty acres energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

O [832.241.8080 \(ext. 161\)](tel:832.241.8080)

C [713.253.2885](tel:713.253.2885)

E marshall@faenergyus.com

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Tuesday, January 11, 2022 4:14:56 PM
To: Marshall Bates <marshall@faenergyus.com>
Cc: Vanessa Peace <vpeace@faenergyus.com>
Subject: RE: [EXTERNAL] RE: surface commingling application PLC-741

Marshall,

I will need the affidavit of publication. This should include the posting and a notarized signed affidavit from the newspaper that it was posted.

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

From: Marshall Bates <marshall@faenergyus.com>
Sent: Friday, January 7, 2022 9:45 AM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Cc: Vanessa Peace <vpeace@faenergyus.com>
Subject: [EXTERNAL] RE: surface commingling application PLC-741

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

Dean,

Please see attached for the affidavit of publication, and our tracking number for the BLM notification is 7021 0350 0001 5380 9950.

To our knowledge this should take care of what was missing from the application.

Thank you,

Marshall Bates | Engineering Tech

forty acres energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

O [832.241.8080 \(ext. 161\)](tel:832.241.8080)

C [713.253.2885](tel:713.253.2885)

E marshall@faenergyus.com

From: [Marshall Bates](#)

Sent: Monday, December 27, 2021 9:13 AM

To: [McClure, Dean, EMNRD](#)

Cc: [Vanessa Peace](#)

Subject: RE: surface commingling application PLC-741

Hi Dean,

We have requested an affidavit of publication as those two showing "In Transit" have come back return to sender. I will also be sending you proof of notification to the BLM shortly.

Thank you,

Marshall Bates | Engineering Tech

forty acres energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

O [832.241.8080 \(ext. 161\)](tel:832.241.8080)

C [713.253.2885](tel:713.253.2885)

E marshall@faenergyus.com

From: [McClure, Dean, EMNRD](#)

Sent: Wednesday, December 22, 2021 5:02 PM

To: [Marshall Bates](#)

Subject: RE: surface commingling application PLC-741

Mr. Bates,

Do you have any updates regarding the requests below? If you have responded in the past, please resend it as I am not seeing a response in my email search.

Dean McClure

Petroleum Engineer, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department

(505) 469-8211

From: McClure, Dean, EMNRD

Sent: Friday, April 30, 2021 6:11 AM

To: Marshall Bates <marshall@faenergyus.com>

Subject: surface commingling application PLC-741

Mr. Bates,

I am reviewing surface commingling application PLC-741 which involves the Cagle C 5 Central Tank Battery operated by FAE II Operating, LLC (329326).

Please confirm that the following persons have been notified of this application:

| | | | |
|------------------|----------------------------|---------------------------------|-------------------|
| 3/13/2021 | Larry Bond | 7020 0090 0000 6900 0320 | In-Transit |
| 2/17/2021 | Weslynn McCallister | 7020 0090 0000 6900 0375 | In-Transit |
| | BLM | unknown | |

Dean McClure

Petroleum Engineer, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department

(505) 469-8211

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY FAE II OPERATING, LLC**

ORDER NO. PLC-741

ORDER

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

FINDINGS OF FACT

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

CONCLUSIONS OF LAW

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

10. Commingling of gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
11. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle and off-lease measure gas production from the pools, leases, and wells identified in Exhibit A.
2. Gas production for Cagle C No. 5 (30-025-34450) shall be allocated using allocation meters.

The gas production allocated to Cagle C Federal Com No. 6 (30-025-37342) shall be equal to the total commingled gas production minus the gas production allocated to Cagle C No. 5 (30-025-34450).
3. Applicant shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless of whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
4. Applicant shall calibrate the meters used to measure or allocate gas production in accordance with 19.15.12.10(C)(2) NMAC.
5. If the commingling of gas production from any pool, lease, or well reduces the value of the commingled gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
6. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
7. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AS

DATE: 5/09/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-741

Operator: FAE II Operating, LLC (329326)

Central Tank Battery: Cagle C 5 Central Tank Battery

Central Tank Battery Location (NMPM): Unit N, Section 3, Township 26 South, Range 37 East

Gas Custody Transfer Meter Location (NMPM): Unit N, Section 3, Township 26 South, Range 37 East

Pools

| Pool Name | Pool Code |
|----------------------------------|-----------|
| JALMAT; TAN-YATES-7 RVRS (GAS) | 79240 |
| RHODES; YATES-SEVEN RIVERS (GAS) | 83810 |

Leases as defined in 19.15.12.7(C) NMAC

| Lease | Location (NMPM) | |
|----------------|-----------------|------------------|
| NMLC 030176B | SW/4 | Sec 3-T26S-R37E |
| CA NMNM 130598 | NW/4 | Sec 10-T26S-R37E |

Wells

| Well API | Well Name | Location (NMPM) | Pool Code | Train |
|--------------|------------------------|-----------------|-----------|-------|
| 30-025-34450 | Cagle C #5 | N-03-26S-37E | 79240 | |
| 30-025-37342 | Cagle C Federal Com #6 | C-10-26S-37E | 83810 | |

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 17443

CONDITIONS

| | |
|---|---|
| Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079 | OGRID: 329326 |
| | Action Number: 17443 |
| | Action Type: [C-107] Surface Commingle or Off-Lease (C-107B) |

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. | 5/9/2022 |