

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

*M Bates*  
 Signature

Engineering Tech  
 Title

8/31/2021  
 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

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

(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. 33820 JALMAT; TAN-YATES-7 RVRS (OIL)

(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: 8/31/2021

TYPE OR PRINT NAME Marshall Bates

TELEPHONE NO.: (832) 241-8080

E-MAIL ADDRESS: Marshall@FAEnergyus.com



# faeIIoperating

August 31, 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 Jalmat Pool for the Wells A #7 Well at the Arnott Ramsey A CTB located in Unit Letter G, Sec. 2, T-25S, R-36E, Lea County, New Mexico**

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for surface commingling of gas production from the Jalmat Oil and Gas Pool for its Arnott Ramsey A #5, #6, and Wells A #7 wells located in Sections 1 and 2 of T-25S, R-36E as shown on the map in Exhibit A. The wells are located on two separate leases. Exhibit B offers further detail on the relevant wells on the leases.

The attached battery diagrams, Exhibits C and D, are accurate schematics of the current facility and the proposed commingled facility, respectively. The Wells A #7 will have a gas allocation meter manufactured and assembled in accordance with American Gas Association specifications. The Arnott Ramsey A gas production, which has common ownership, will be determined by subtracting the metered well from the total production measured at the lease custody transfer meter. A new gas flowline will be laid from the Wells A #7 and tied in to the Arnott Ramsey A CRP.

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 and 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](mailto:marshall@faenergyus.com) or by telephone at (832) 241-8080.

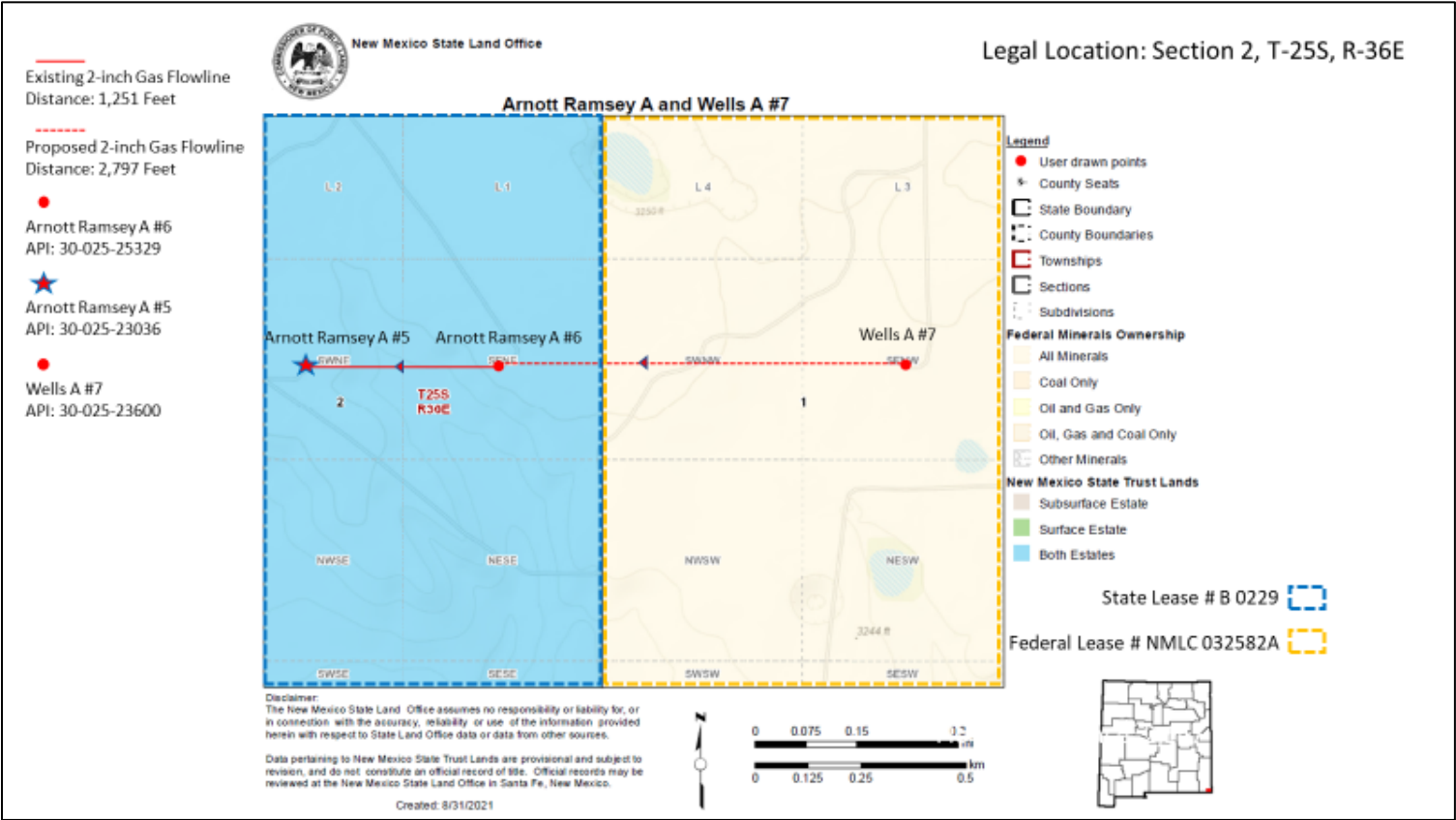
Very truly yours,



**FAE II Operating, LLC**

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## Exhibit A – Lease Boundaries Map

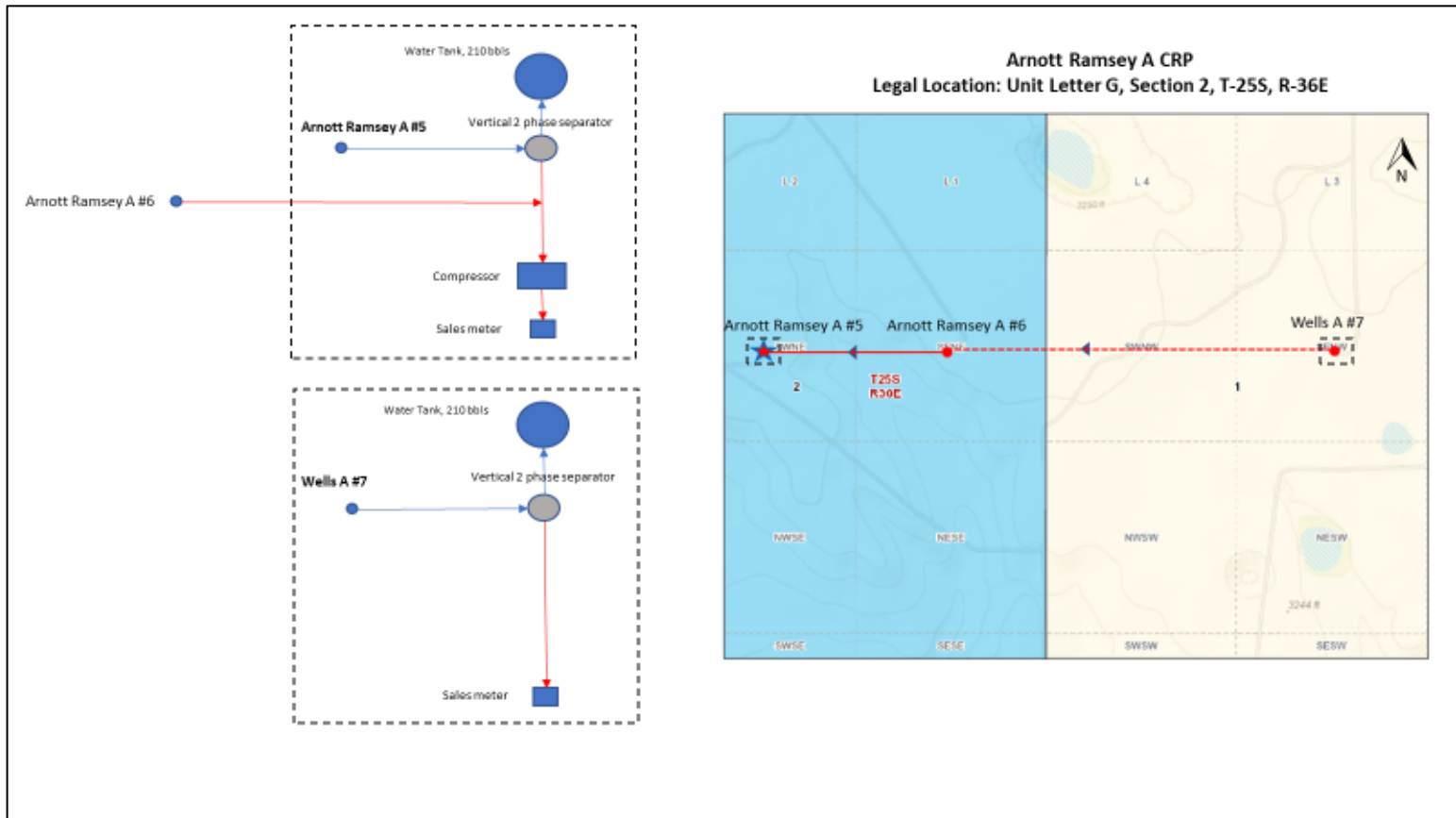


## Exhibit B – Lease and Well Information

Well Name	Lease No.	API #	Pool ID
Arnott Ramsey A #5	B 0229	30-025-23036	33820 JALMAT; TAN-YATES-7 RVRS (OIL)
Arnott Ramsey A #6	B 0229	30-025-35329	33820 JALMAT; TAN-YATES-7 RVRS (OIL)
Wells A #7	NMLC 032582A	30-025-23600	33820 JALMAT; TAN-YATES-7 RVRS (OIL)

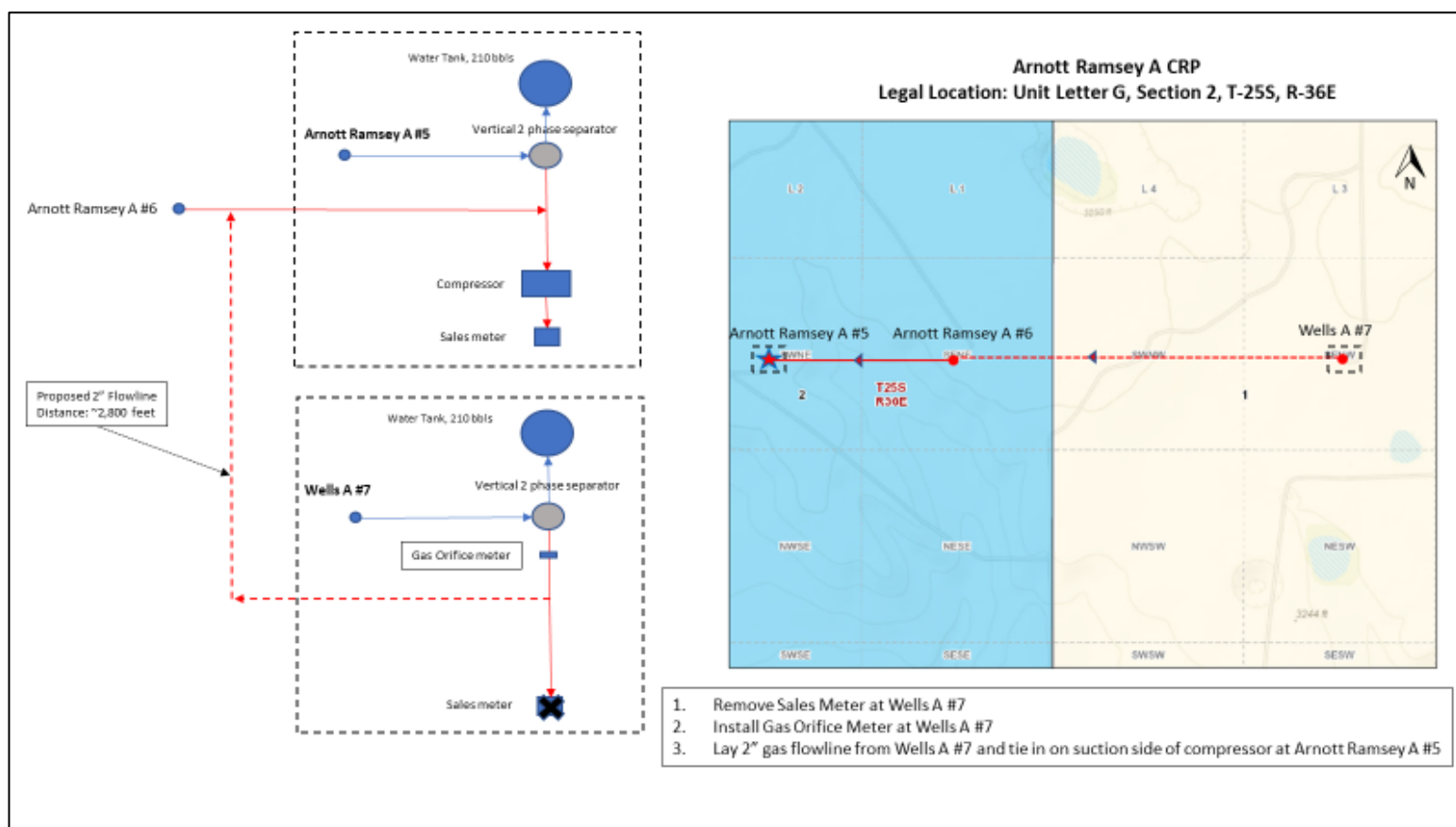
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## Exhibit C – Current Facility Layout



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## Exhibit D – Proposed Facility Layout



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## Exhibit E – Ownership Information

Well Name(s)	Ownership Type	Name	Address
Arnott Ramsey A #5, #6 Wells A #7	Working	FAE II Operating LLC	11757 Katy Fwy Ste. 1000 Houston, TX 77079-1762
Arnott Ramsey A #5, #6	Royalty	State of New Mexico Commissioner of Public Lands	PO Box 1148 Santa Fe, NM 87504-1148
Wells A #7	Royalty	Office of Natural Resources Revenue	PO Box 25627 Denver, CO 75303

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7020 0640 0000 9346 5286



**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Brittney Storfa](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com); [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#); [Dawson, Scott](#)  
**Subject:** Approved Administrative Order CTB-1022  
**Date:** Monday, May 9, 2022 4:34:56 PM  
**Attachments:** [CTB1022 Order.pdf](#)

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NMOCD has issued Administrative Order CTB-1022 which authorizes FAE II Operating, LLC (329326) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-23036	Arnott Ramsey A #5	G	2-25S-36E	33820
30-025-35329	Arnott Ramsey A #6	H	2-25S-36E	33820
30-025-23600	Wells A #7	F	1-25S-36E	33820

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 SURFACE COMMINGLING  
SUBMITTED BY FAE II OPERATING, LLC**

**ORDER NO. CTB-1022**

**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 the gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
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.

**CONCLUSIONS OF LAW**

6. 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, 19.15.12. NMAC, and 19.15.23. NMAC.
7. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
9. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.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) NMAC and 19.15.12.10.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 gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

2. Gas production for Wells A No. 7 (30-025-23600) shall be allocated using an allocation meter.

The gas production allocated to Arnott Ramsey A No. 5 (30-025-23036) and Arnott Ramsey A No. 6 (30-025-35329) shall be equal to the total commingled gas production minus the gas production allocated to Wells A No. 7 (30-025-23600).

3. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. 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. 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 E. SANDOVAL  
DIRECTOR**

**DATE:** 5/09/2022



State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **CTB-1022**

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

Central Tank Battery: **Arnott Ramsey A Central Tank Battery**

Central Tank Battery Location: **UL G, Section 2, Township 25 South, Range 36 East**

Gas Title Transfer Meter Location: **UL G, Section 2, Township 25 South, Range 36 East**

### Pools

Pool Name	Pool Code
<b>JALMAT; TAN-YATES-7 RVRS (OIL)</b>	<b>33820</b>

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
<b>BO 02290001</b>	<b>All</b>	<b>2-25S-36E</b>
<b>NMLC 0032582A</b>	<b>D E F K L M N</b>	<b>1-25S-36E</b>

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
<b>30-025-23036</b>	<b>Arnott Ramsey A #5</b>	<b>G</b>	<b>2-25S-36E</b>	<b>33820</b>
<b>30-025-35329</b>	<b>Arnott Ramsey A #6</b>	<b>H</b>	<b>2-25S-36E</b>	<b>33820</b>
<b>30-025-23600</b>	<b>Wells A #7</b>	<b>F</b>	<b>1-25S-36E</b>	<b>33820</b>

**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 48609

**CONDITIONS**

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 48609
	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