

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

FAE II Operating, LLC 11757 Katy Fwy. Ste. 1000, Houston, TX 77079

Operator	Address		
State C TR 11	5	J-2-21S-36E	Lea
Lease	Well No.	Unit Letter-Section-Township-Range	County
329326	330780	30-02S-25S17	X
OGRID No.	Property Code	API No.	Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Eumont		Eunice Monument
Pool Code	76480		23000
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,680 – 3,715'		3,715 – 3,892'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35.0API / 1.416 BTU		35.0 API / 1.416 BTU
Producing, Shut-In or New Zone	Producing		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	See Attached Date: Rates:	Date: Rates:	See Attached Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 1 % 74 %	Oil Gas % %	Oil Gas 99 % 26 %

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 Marshall 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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July 23, 2021

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

Re: State C TR 11 #005: API 30-025-25517
Eumont Pool: 76480
Eunice Monument Pool: 23000

Dear Mr. McClure:


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

If you have any questions, please feel free to contact the undersigned phone at (832) 220-9188 or by email at steven@faenergyus.com.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC

A handwritten signature in blue ink, appearing to read 'Steven Lehrbass', is written over a horizontal line.

Steven Lehrbass
Land

faeIIoperating

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 FAE II Operating, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Eumont and Eunice Monument Pools for the State C TR 11 #5 well located in Sec. 2, T-21S, R-36E, 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 Eumont and Eunice Monument Pools for its State C TR 11 #5 well located in Unit Letter A, Section 2, T-21S, R-36E, 3,300 feet FNL and 660 feet FEL, as shown in the attached C-102's for each zone.

State C TR 11 #5 is currently open to the Eumont interval, which translates to the EUMONT; YATES-7 RVRS-QUEEN (GAS) [Pool ID: 76480]. The production curve for this interval is shown in Exhibit A. To develop a forecast for this zone, a decline curve was utilized based on the aforementioned historical production.

The zone that does not have production history in the State C TR 11 #5 is the Grayburg, which translates to the EUNICE MONUMENT; GRAYBURG-SAN ANDRES [Pool ID: 23000]. To develop a forecast for this zone, thirty-one (31) surrounding wells with production history from the Grayburg were used as an offset to prove up hole potential in the State C TR 11 #5 by taking the historical average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit B. From there, a decline curve was utilized based on the aforementioned historical production.

Overall, the forecast for the proposed downhole commingled production was formed by combining the forecasts for both zones, as shown in the Synthetic Decline Curve column of Exhibit C. This forecast proved that an IP of 6.6 BOPD and 16.3 MCFPD is the expected total, and of that, 6.6 BOPD and 4.2 MCFPD will come from the Grayburg zone. The Yates-Seven Rivers-Queen is projected to yield 0.1 BOPD and 12.1 MCFPD with the additional intervals that will be opened up. This information along with the percentage allocation across the zones is shown in Exhibit D.

After a review of internal records, the interest owners are identical for the aforementioned wells. As such, notification to the relevant parties of our intent to commingle production will not be necessary.

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

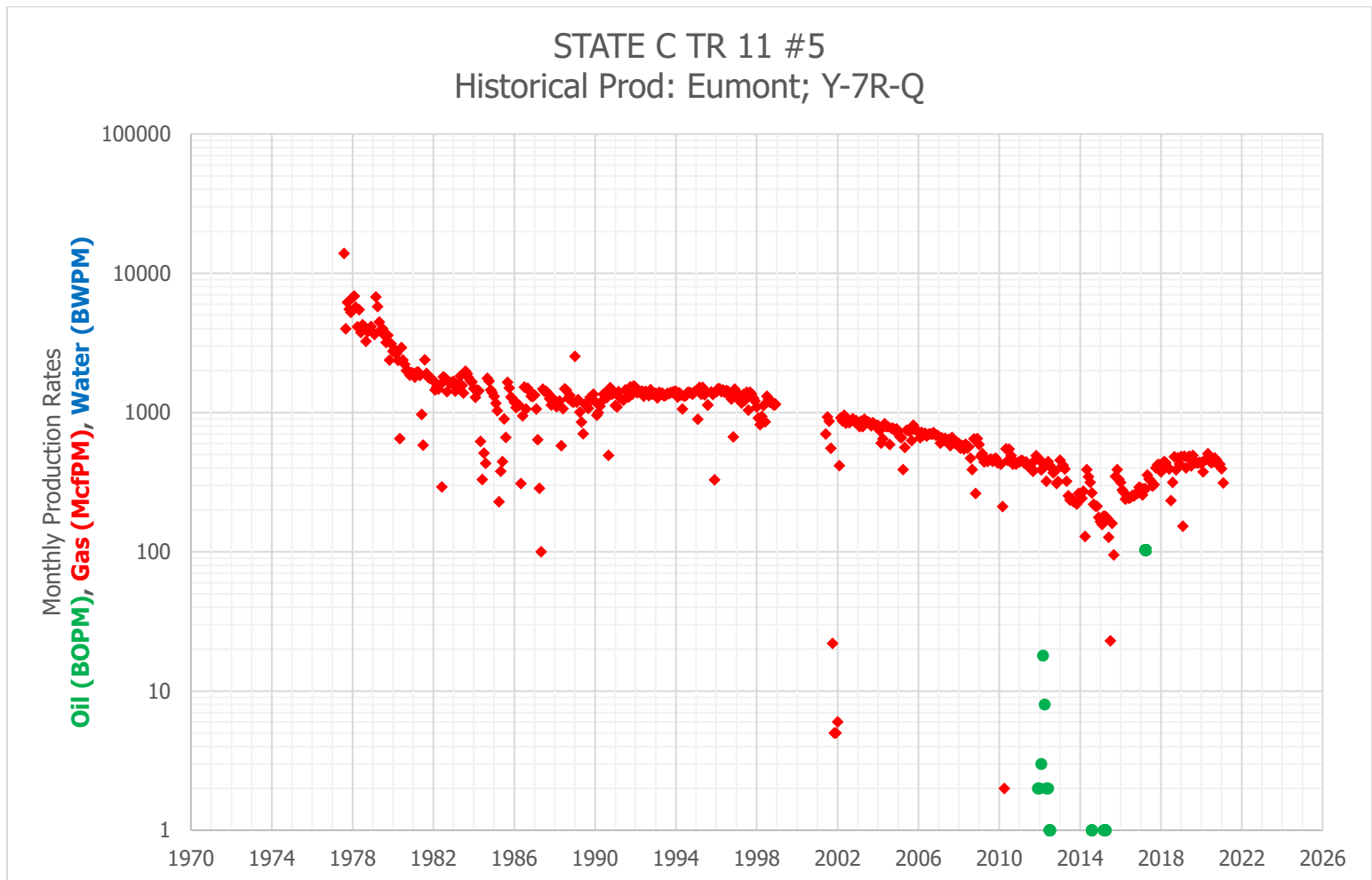
Very truly yours,



FAE II Operating, LLC

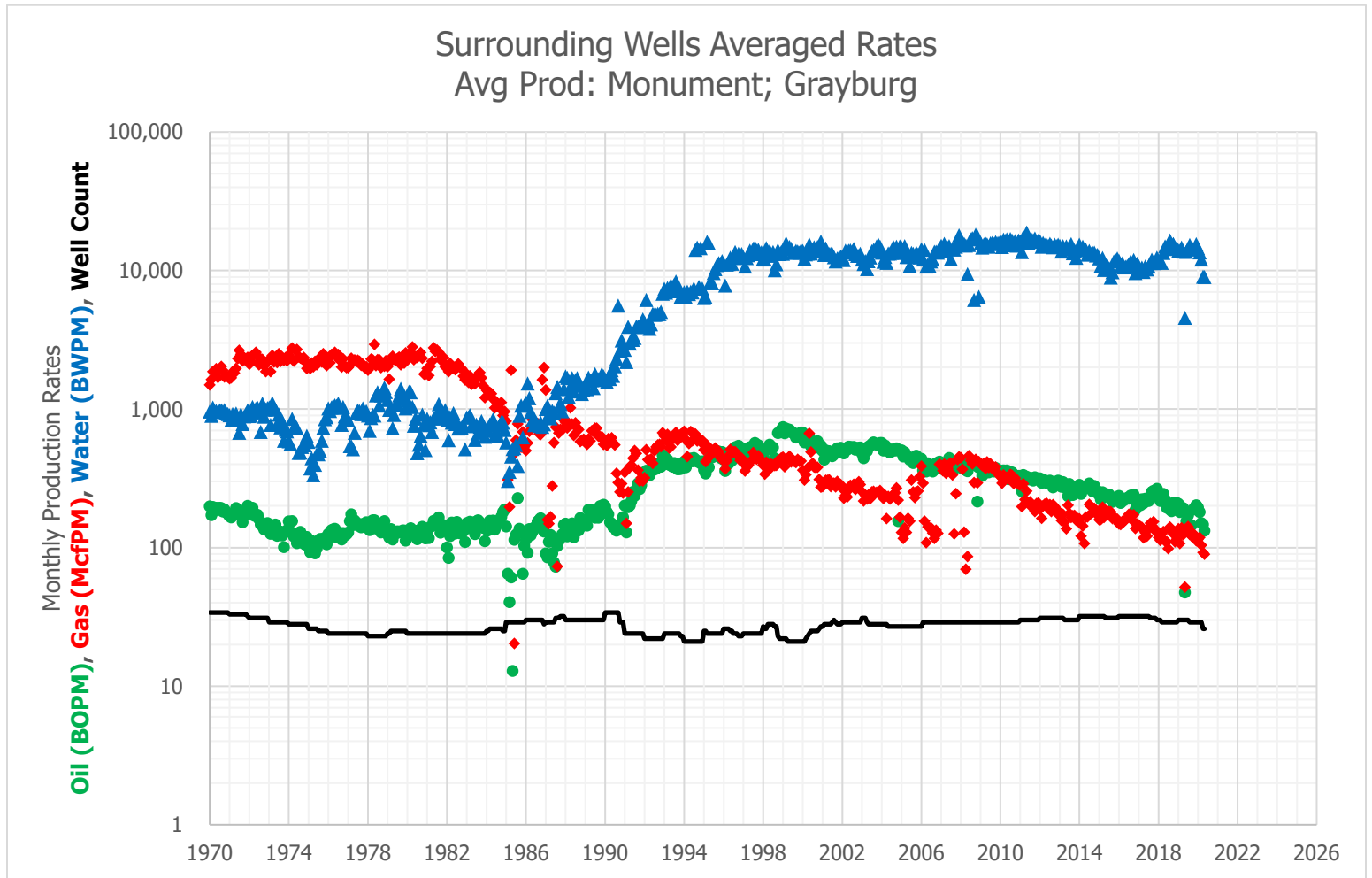
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Exhibit A – Historical and Forecast Production in the Current Zone



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Exhibit B – Historical Average Production in the Proposed Zone



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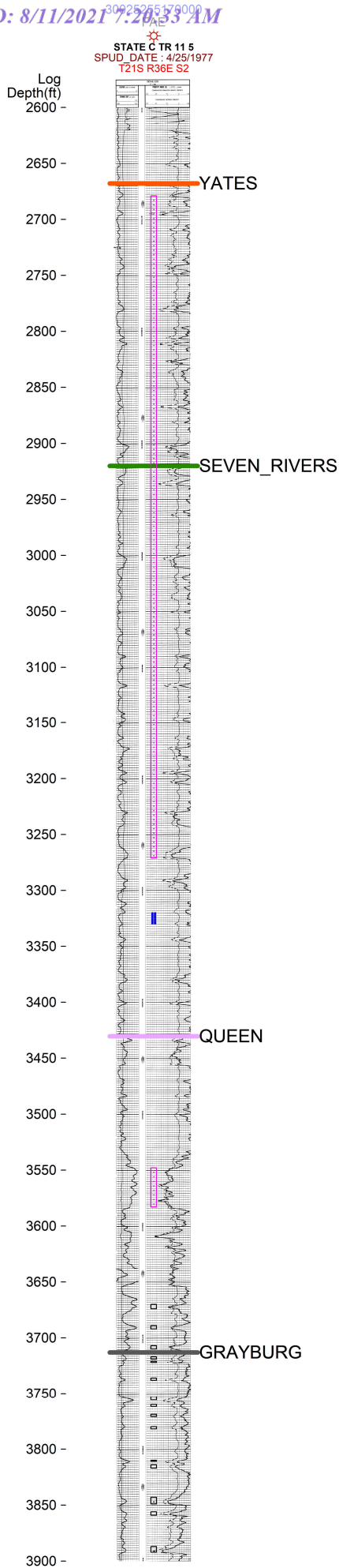
Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates					STATE C TR 11 #5				Synthetic Decline Curve				
Avg Prod: Monument; Grayburg					Historical Prod: Eumont; Y-7R-Q								
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Est Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
7/1/2015	242	181	10,421	31	9/1/2011	-	378		1	10/1/2020	201.2	496	12,071
8/1/2015	224	182	8,913	31	10/1/2011	-	451		2	11/1/2020	200.2	495	12,031
9/1/2015	214	162	9,754	31	11/1/2011	-	490		3	12/1/2020	199.3	494	11,991
10/1/2015	229	168	11,649	31	12/1/2011	2	469		4	1/1/2021	198.3	492	11,952
11/1/2015	224	160	11,845	31	1/1/2012	2	462		5	2/1/2021	197.4	491	11,913
12/1/2015	231	161	12,228	31	2/1/2012	3	388		6	3/1/2021	196.4	490	11,874
1/1/2016	236	148	11,774	32	3/1/2012	18	427		7	4/1/2021	195.5	489	11,835
2/1/2016	210	147	10,643	32	4/1/2012	8	408		8	5/1/2021	194.6	487	11,796
3/1/2016	223	155	11,264	32	5/1/2012	2	321		9	6/1/2021	193.6	486	11,757
4/1/2016	219	154	10,569	32	6/1/2012	2	444		10	7/1/2021	192.7	485	11,718
5/1/2016	224	159	10,655	32	7/1/2012	1	419		11	8/1/2021	191.8	484	11,680
6/1/2016	229	164	10,746	32	8/1/2012		398		12	9/1/2021	190.9	483	11,641
7/1/2016	226	174	11,121	32	9/1/2012		370		13	10/1/2021	190.0	481	11,603
8/1/2016	238	173	11,607	32	10/1/2012		379		14	11/1/2021	189.0	480	11,565
9/1/2016	235	158	11,320	32	11/1/2012		310		15	12/1/2021	188.1	479	11,527
10/1/2016	242	172	11,928	32	12/1/2012		319		16	1/1/2022	187.2	478	11,489
11/1/2016	187	138	9,620	32	1/1/2013		455		17	2/1/2022	186.3	477	11,451
12/1/2016	206	148	11,211	32	2/1/2013		410		18	3/1/2022	185.5	475	11,414
1/1/2017	217	145	10,729	32	3/1/2013		418		19	4/1/2022	184.6	474	11,376
2/1/2017	202	141	9,842	32	4/1/2013		393		20	5/1/2022	183.7	473	11,339
3/1/2017	223	140	10,494	32	5/1/2013		322		21	6/1/2022	182.8	472	11,302
4/1/2017	209	118	9,796	32	6/1/2013		253		22	7/1/2022	181.9	471	11,264
5/1/2017	225	128	10,707	32	7/1/2013		236		23	8/1/2022	181.1	469	11,227
6/1/2017	222	121	10,219	32	8/1/2013		240		24	9/1/2022	180.2	468	11,191
7/1/2017	217	139	10,701	32	9/1/2013		229		25	10/1/2022	179.3	467	11,154
8/1/2017	235	151	11,381	31	10/1/2013		228		26	11/1/2022	178.5	466	11,117
9/1/2017	253	144	11,983	31	11/1/2013		220		27	12/1/2022	177.6	465	11,081
10/1/2017	258	154	11,338	31	12/1/2013		263		28	1/1/2023	176.8	464	11,044
11/1/2017	251	132	11,379	31	1/1/2014	-	260		29	2/1/2023	175.9	462	11,008
12/1/2017	266	132	12,402	30	2/1/2014	-	242		30	3/1/2023	175.1	461	10,972
1/1/2018	230	118	11,765	30	3/1/2014	-	273		31	4/1/2023	174.3	460	10,936
2/1/2018	217	113	11,630	30	4/1/2014	-	129		32	5/1/2023	173.4	459	10,900
3/1/2018	221	126	11,368	29	5/1/2014	-	390		33	6/1/2023	172.6	458	10,864
4/1/2018	245	131	13,399	29	6/1/2014	-	347		34	7/1/2023	171.8	457	10,828
5/1/2018	222	111	14,925	29	7/1/2014	-	316		35	8/1/2023	171.0	456	10,793
6/1/2018	194	110	14,351	29	8/1/2014	1	265		36	9/1/2023	170.1	454	10,757
7/1/2018	202	99	15,397	29	9/1/2014		219		37	10/1/2023	169.3	453	10,722
8/1/2018	188	141	16,530	29	10/1/2014		213		38	11/1/2023	168.5	452	10,687
9/1/2018	183	131	15,437	29	11/1/2014		212		39	12/1/2023	167.7	451	10,651
10/1/2018	210	126	15,506	29	12/1/2014		177		40	1/1/2024	166.9	450	10,616
11/1/2018	194	110	-	29	1/1/2015	-	165		41	2/1/2024	166.1	449	10,582
12/1/2018	210	115	14,565	29	2/1/2015	-	157		42	3/1/2024	165.3	448	10,547
1/1/2019	207	137	13,950	30	3/1/2015	1	180		43	4/1/2024	164.5	447	10,512
2/1/2019	181	107	13,824	30	4/1/2015	1	180		44	5/1/2024	163.7	445	10,478
3/1/2019	194	139	14,658	30	5/1/2015		175		45	6/1/2024	163.0	444	10,443
4/1/2019	193	124	13,717	30	6/1/2015		127		46	7/1/2024	162.2	443	10,409
5/1/2019	47	52	4,566	30	7/1/2015		23		47	8/1/2024	161.4	442	10,375
6/1/2019	156	131	13,676	30	8/1/2015		160		48	9/1/2024	160.6	441	10,340
7/1/2019	170	142	14,397	30	9/1/2015		95		49	10/1/2024	159.9	440	10,306
8/1/2019	144	125	15,301	29	10/1/2015		348		50	11/1/2024	159.1	439	10,273
9/1/2019	145	122	14,391	29	11/1/2015		390		51	12/1/2024	158.3	438	10,239
10/1/2019	189	126	14,290	29	12/1/2015		332		52	1/1/2025	157.6	437	10,205
11/1/2019	195	122	14,162	29	1/1/2016		316		53	2/1/2025	156.8	436	10,172
12/1/2019	202	112	15,528	29	2/1/2016		278		54	3/1/2025	156.1	434	10,138
1/1/2020	195	115	14,509	29	3/1/2016		268		55	4/1/2025	155.3	433	10,105
2/1/2020	180	118	13,550	29	4/1/2016		239		56	5/1/2025	154.6	432	10,072
3/1/2020	150	104	12,041	29	5/1/2016		250		57	6/1/2025	153.8	431	10,039
4/1/2020	147	92	9,029	26	6/1/2016		242		58	7/1/2025	153.1	430	10,006
5/1/2020	132	90	8,985	26	7/1/2016		246		59	8/1/2025	152.4	429	9,973
6/1/2020	145	105	11,184	26	8/1/2016		254		60	9/1/2025	151.7	428	9,940
7/1/2020	162	111	12,022	26	9/1/2016		251						
8/1/2020	143	106	11,759	26	10/1/2016		261						
9/1/2020	174	120	11,869	26	11/1/2016		263						
10/1/2020	180	120	12,278	26	12/1/2016		291						
11/1/2020	192	121	13,467	26	1/1/2017	-	287						
12/1/2020	193	120	13,945	26	2/1/2017	-	256						

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Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Eumont	Yates-Seven Rivers-Queen	0.1	12.1	0.0
Eunice Monument	Grayburg	6.6	4.2	397.1
	Total	6.6	16.3	397.1
Eumont	Yates-Seven Rivers-Queen	1%	74%	0%
Eunice Monument	Grayburg	99%	26%	100%
	Total (%)	100%	100%	100%



API	PERF TYPE	SOURCE	TOP PERF	BASE PERF
30025255170000	PROPOSED	CJH	3670	3674
30025255170000	PROPOSED	CJH	3689	3692
30025255170000	PROPOSED	CJH	3707	3710
30025255170000	PROPOSED	CJH	3717	3719
30025255170000	PROPOSED	CJH	3721	3722
30025255170000	PROPOSED	CJH	3736	3738
30025255170000	PROPOSED	CJH	3753	3756
30025255170000	PROPOSED	CJH	3760	3762
30025255170000	PROPOSED	CJH	3769	3771
30025255170000	PROPOSED	CJH	3780	3782
30025255170000	PROPOSED	CJH	3810	3811
30025255170000	PROPOSED	CJH	3814	3817
30025255170000	PROPOSED	CJH	3843	3849
30025255170000	PROPOSED	CJH	3856	3859
30025255170000	PROPOSED	CJH	3887	3892

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 30-025-25517		² Pool Code 76480		³ Pool Name EUMONT; YATES-7 RVRS-QUEEN (GAS)					
⁴ Property Code 330780		⁵ Property Name STATE C TR 11						⁶ Well Number #005	
⁷ OGRID No. 329326		⁸ Operator Name FAE II OPERATING, LLC						⁹ Elevation	
¹⁰ Surface Location									
UL - Lot A	Section 2	Township 21S	Range 36E	Lot Idn	Feet from 3300	N/S Line N	Feet From 660	E/W Line E	County LEA
¹¹ Bottom Hole Location If Different From Surface									
UL - Lot A	Section 2	Township 21S	Range 36E	Lot Idn	Feet from 3300	N/S Line N	Feet From 660	E/W Line E	County 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.  8/3/2021 Signature Date Marshall Bates Printed Name Marshall@FAEnergyus.com E-mail Address				
					3300'				
					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:				
					660'				
Certificate Number									

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 30-025-25517		² Pool Code 23000	³ Pool Name EUNICE MONUMENT; GRAYBURG-SAN ANDRES
⁴ Property Code 330780	⁵ Property Name STATE C TR 11		⁶ Well Number #005
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC		⁹ Elevation

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
A	2	21S	36E		3300	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
A	2	21S	36E		3300	N	660	E	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 C TR 11 #005** Lease No: **19566** Lease Type: **State**
 Township: **21-S** Range: **36-E** Sec: **02-A-Lot: 9** Location: **3300' FNL & 660' FEL**
 County: **Lea** State: **NM** API: **30-025-25517** Formation: **[76480] EUMONT; YATES-7 RVRs-QUEEN**
[23000] EUNICE MONUMENT; GB-SAN ANI

Surface Csg

Size: **8-5/8"**
 Wt.&Thrd: **24#**
 Grade:
 Set @: **521'**
 Sxs cmt: **350 sxs**
 Circ: **40 sxs**
 TOC: **Surface**
 Hole Size: **12-1/4"**

KB: **3520'**
 DF: **3519'**
 GL: **3509'**
 Spud Date: **4/25/1977**
 Compl. Date: **5/14/1977**

PROPOSED**History - Highlights**

1977-09: Attempt to increase production by adding perfs to YATES & 7 RVRs w/ Acidize & Frac job. Determined to be unsuccessful. Set pkr to resume production of QUEEN only through tubing.

Proposed: Pull rods, tbq, & pkr. Add perfs & acidize GRAYBURG. DHC Eumont & Eunice Monument pools.

YATES (Top @ 2668')

2679', 2695', 2743', 2778-2781', 2811', 2827', 2867', 2903-2907', 2923-2927' (2 JSPF) - Sep 1
 Acidized w/ 7 RVRs w/ 3600 gals 15% DS-30 Western acid; Frac w/ 32,000 gals
 Western Titan I, 8000 gals CO₂, 40,000# 20/40 sand, & 10,000# 10/20 sand

SEVEN RIVERS (Top @ 2927')

2936', 3003-3009', 3195', 3231', 3266-3270', 3291' (2 JSPF) - Sep 1977
 Acidized & Frac w/ YATES

QUEEN (Top @ 3440')

3542-3583' (2 DPJSPF) - May 1977
 Acidized w/ 3000 gal 15% acid; Frac w/ 40,000 gals gel, 48,500# 10/20 & 20/40
 sand, & 8000 gals CO₂

GRAYBURG (Top @ 3652')

3670-3674', 3689-3692', 3707-3710', 3717-3719', 3721-3722', 3736-3738', 3753-3756', 3760-
 3762', 3769-3771', 3780-3782', 3810-3811', 3814-3817', 3843-3849', 3856-3859', 3887-3892'
 (2 SPF) - Proposed

Acidized w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt, & flush w/ 1000 bbls
 2% KCL water

SN **3845'**
 EOT **3881'**

Production Csg

Size: **5-1/2"**
 Wt.&Thrd: **14/15.5#**
 Grade:
 Set @: **4000'**
 Sxs Cmt: **950 sxs**
 Circ: **80 sxs**
 TOC: **Surface**
 Hole Size: **7-7/8"**

PBTD 3958'
 TD 4000'

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 EUE Tubing (119 jts 2-3/8" tbq, SN, 4' perf sub, MA w/ bull plug)

Well Name: **STATE C TR 11 #005** Lease No: **19566** Lease Type: **State**
 Township: **21-S** Range: **36-E** Sec: **02-A-Lot: 9** Location: **3300' FNL & 660' FEL**
 County: **Lea** State: **NM** API: **30-025-25517** Formation: **[76480] EUMONT; YATES-7 RVRS-QUEEN**

Surface Csg

Size: **8-5/8"**
 Wt.&Thrd: **24#**
 Grade:
 Set @: **521'**
 Sxs cmt: **350 sxs**
 Circ: **40 sxs**
 TOC: **Surface**
 Hole Size: **12-1/4"**

KB: **3520'**
 DF: **3519'**
 GL: **3509'**
 Spud Date: **4/25/1977**
 Compl. Date: **5/14/1977**

CURRENT**History - Highlights**

1977-09: Attempt to increase production by adding perfs to YATES & 7 RVRS w/ Acidize & Frac job. Determined to be unsuccessful. Set pkr to resume production of QUEEN only through tubing.

All info from OCD well files ONLY

YATES (Top @ 2668')

2679', 2695', 2743', 2778-2781', 2811', 2827', 2867', 2903-2907', 2923-2927' (2 JSPF) - Sep 1
 Acidized w/ 7 RVRS w/ 3600 gals 15% DS-30 Western acid; Frac w/ 32,000 gals Western Titan I, 8000 gals CO₂, 40,000# 20/40 sand, & 10,000# 10/20 sand

SEVEN RIVERS (Top @ 2927')

2936', 3003-3009', 3195', 3231', 3266-3270', 3291' (2 JSPF) - Sep 1977
 Acidized & Frac w/ YATES

QUEEN (Top @ 3440')

3542-3583' (2 DPJSPF) - May 1977
 Acidized w/ 3000 gal 15% acid; Frac w/ 40,000 gals gel, 48,500# 10/20 & 20/40 sand, & 8000 gals CO₂

GRAYBURG (Top @ 3652')

Pkr 3320'
 EOT 3529'

Production Csg

Size: **5-1/2"**
 Wt.&Thrd: **14/15.5#**
 Grade:
 Set @: **4000'**
 Sxs Cmt: **950 sxs**
 Circ: **80 sxs**
 TOC: **Surface**
 Hole Size: **7-7/8"**

PBTD 3958'
 TD 4000'

Tubulars - Capacities and Performance

2-3/8" Tubing

From: [Vanessa Neal](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXTERNAL] Tracking #s for SLO DHC Submittals
Date: Thursday, March 10, 2022 5:19:29 PM
Attachments: [image001.png](#)

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

Hi Dean,

The DHC packages submitted under the following Action IDs have been submitted to the SLO.

Action/Submission ID	Well Name	Tracking #
89365	State C TR 11 #009	7021 2720 0000 6973 4222
89340	State of New Mexico 35 #003	7021 2720 0000 6973 4215

Thank 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

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

From: [Engineer, OCD, EMNRD](#)
To: [Vanessa Neal](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5153
Date: Monday, July 11, 2022 4:24:19 PM
Attachments: [DHC5153 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5153 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

Well Name: **State C TR 11 #5**

Well API: **30-025-25517**

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](#)
Subject: [EXTERNAL] RE: downhole commingling application DHC-5153
Date: Friday, July 1, 2022 10:19:07 AM
Attachments: [image001.png](#)
[WBD State C TR 11 #005 CURRENT-PROPOSED 2021-12.pdf](#)

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

Mr. McClure,

Please find the attached current & proposed wellbore schematics for the State C TR 11 #005.

Let me know if you need anything else.

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: Friday, July 1, 2022 10:45 AM
To: Vanessa Neal <vanessa@faenergyus.com>
Subject: downhole commingling application DHC-5153

Ms. Neal,

I am reviewing downhole commingling application DHC-5153 which involves the commingling of pools within the well bore of the State C TR 11 #5 well (30-025-25517) and is operated by FAE II Operating, LLC (329326).

Please submit current and proposed WBDs for this project.

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 FORTY ACRES ENERGY, LLC**

ORDER NO. DHC-5153

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. Forty Acres Energy, 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 an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
4. 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.
5. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and 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: 7/11/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5153**

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

Well Name: **State C TR 11 #5**

Well API: **30-025-25517**

Upper Zone

Pool Name: **EUMONT;YATES-7 RVRS-QUEEN (GAS)**

Pool ID: **76480**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **1%**

Gas: **74%**

Interval: **Perforations**

Top: **2,680**

Bottom: **3,715**

Intermediate Zone

Pool Name:

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Interval:

Top:

Bottom:

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

Lower Zone

Pool Name: **EUNICE MONUMENT;GRAYBURG-SAN ANDRES**

Pool ID: **23000**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **99%**

Gas: **26%**

Interval: **Perforations**

Top: **3,715**

Bottom: **3,892**

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

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 41099

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 41099
	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.	7/11/2022