

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

*MBates*  
 Signature

Engineering Tech  
 Title

10/4/2021  
 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. 725, 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	Price: <u>\$3.69/MMBTU</u>	Calculated Value of Commingled Production	Volumes
<u>79240 Jalmat</u>	<u>1.318</u>	<u>1.354</u>		<u>\$24,708 / Month</u>	<u>1,209 MMBTU</u>
<u>37240 Langlie Mattix</u>	<u>1.362</u>				<u>5,487 MMBTU</u>

- (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: MBates TITLE: Engineering Tech DATE: 9/27/2021

TYPE OR PRINT NAME Marshall Bates TELEPHONE NO.: (832) 241-8080  
E-MAIL ADDRESS: Marshall@FAEnergyus.com



# faeIIoperating

September 29, 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 and Langlie Mattix Pools for the Arnott Ramsay NCT-B #3 and R O Gregory #3 Wells at the R O Gregory #3 CTB located in Unit Letter M, Sec. 33, T-25S, R-37E, 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 and Langlie Mattix Pools for its Arnott Ramsay NCT-B #3 and R O Gregory #3 wells located in Section 33 of T-25S, R-37E as shown on the map in Exhibit A. The wells are located on three 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 R O Gregory #3 will have a gas allocation meter manufactured and assembled in accordance with American Gas Association specifications. The Arnott Ramsay NCT-B #3 gas production 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 Arnott Ramsay NCT-B #3 to the R O Gregory #3 CTB.

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.

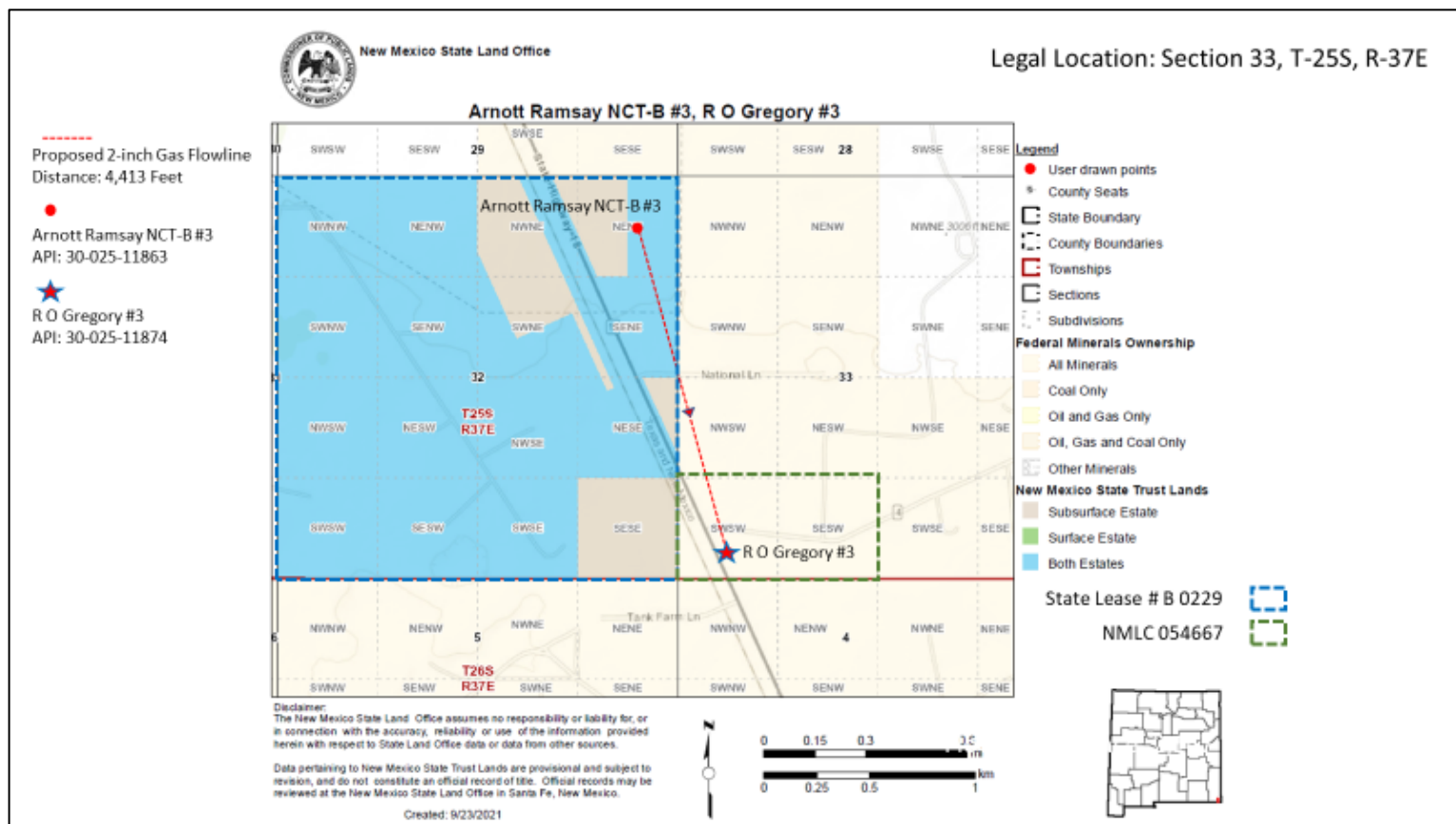
Very truly yours,



**FAE II Operating, LLC**

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## Exhibit A – Lease Boundaries Map

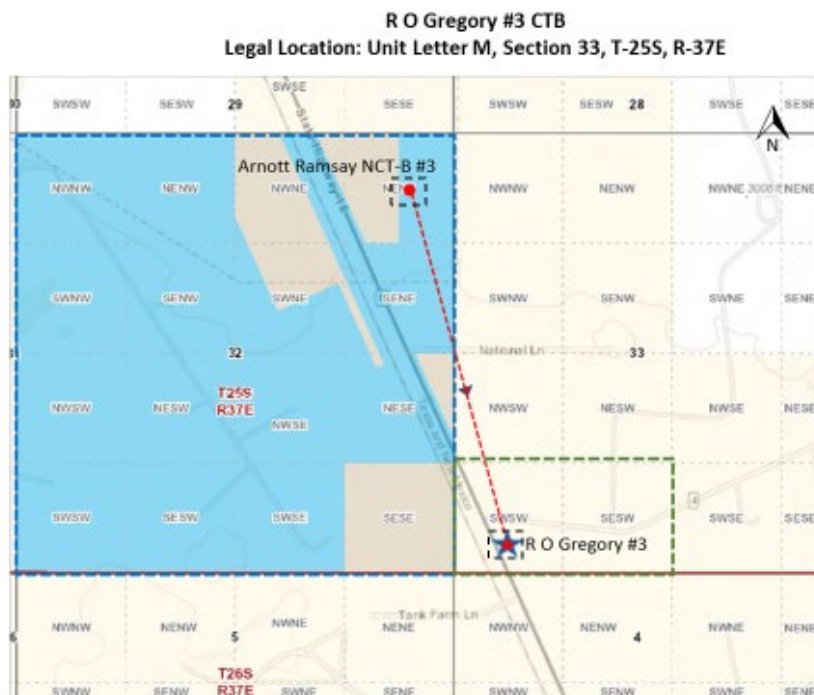
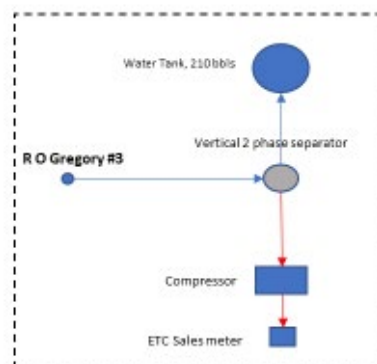
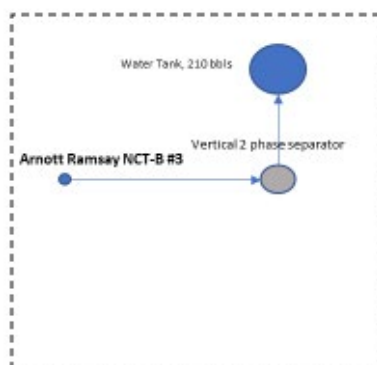


## Exhibit B – Lease and Well Information

Well Name	Lease No.	API #	Pool ID
Arnett Ramsay NCT-B #3	B 0229	30-025-11863	37240 LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG
R O Gregory #3	NMLC 054667	30-025-11874	79240 JALMAT; TAN-YATES-7 RVRS (GAS)

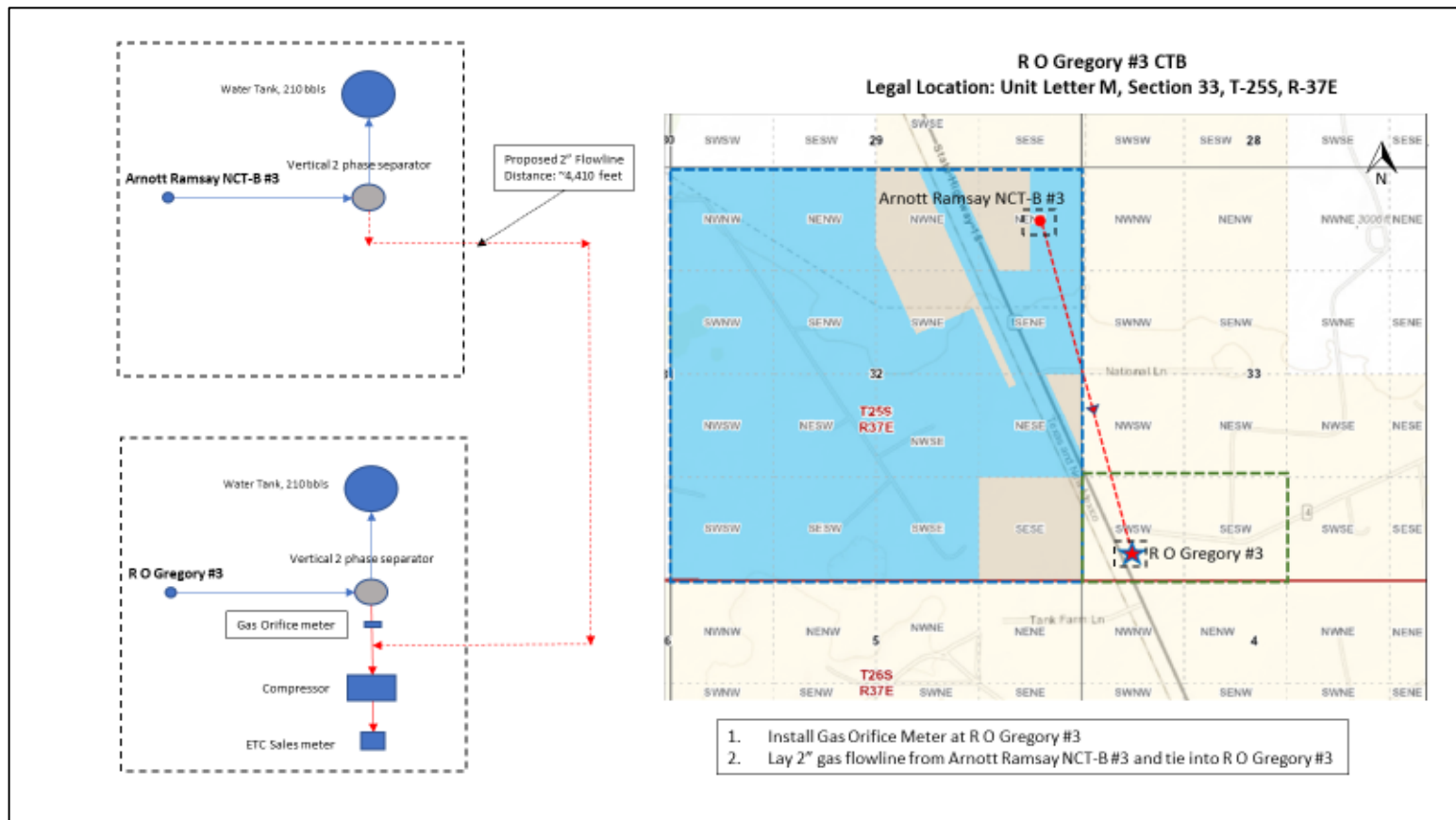
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## Exhibit C – Current Facility Layout



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## Exhibit D – Proposed Facility Layout



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## Exhibit E – Ownership Information

Well Name(s)	Ownership Type	Name	Address
Arnott Ramsay NCT-B #3 R O Gregory #3	Working	FAE II Operating LLC	11757 Katy Fwy Ste. 725 Houston, TX 77079-1762
Arnott Ramsay NCT-B #3	Royalty	State of New Mexico Commissioner of Public Lands	PO Box 1148 Santa Fe, NM 87504-1148
R O Gregory #3	Royalty	Office of Natural Resources Revenue	PO Box 25627 Denver, CO 80225-0627
R O Gregory #3	Royalty	The McDaniel Company	12900 Preston Road, Suite 415 Dallas, TX 75231
R O Gregory #3	Royalty	Marjam Energy, LLC	10440 N. Central Express Way, Suite 1010 Dallas, TX 75231
R O Gregory #3	Royalty	Milagro Resources, LP	415 West Wall Avenue, Suite 1118 Midland, TX 79701
R O Gregory #3	Royalty	John F. Special	P.O. Box 369 Stillwater, OK 74076
R O Gregory #3	Royalty	Larry Bond	3501 French Park Drive, Suite G Edmond, OK 73034
R O Gregory #3	Royalty	Jimmie Eden Jr. Trust	P.O. Box 17 Stillwater, OK 74076
R O Gregory #3	Royalty	Legat LLC	6114 W. Canterbury Drive Stillwater, OK 74074



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## Exhibit F – Certified Mail Receipts

7021 0350 0001 5380 9936

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Certified Mail Fee \$	Postmark Here
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$	
Total Postage and Fees \$	
Sent To <b>BLM</b>	
Street and Apt. No., or PO Box No. <b>301 Dinosaur Trail</b>	
City, State, ZIP+4® <b>Santa Fe, NM 87508</b>	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

7021 0350 0001 5380 9946

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Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$	
Total Postage and Fees \$	
Sent To <b>Office of Natural Resources Revenue</b>	
Street and Apt. No., or PO Box No. <b>PO Box 25627</b>	
City, State, ZIP+4® <b>Denver, CO 80225-0627</b>	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

7021 0350 0001 5380 9912

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Certified Mail Fee \$	Postmark Here
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$	
Total Postage and Fees \$	
Sent To <b>Marjam Energy, LLC</b>	
Street and Apt. No., or PO Box No. <b>10440 N. Central Express Way</b>	
City, State, ZIP+4® <b>Dallas, TX 75231</b>	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

7020 0640 0000 9346 4203

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Certified Mail Fee \$	Postmark Here
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$	
Total Postage and Fees \$	
Sent To <b>Jimmie Eden Jr. Trust</b>	
Street and Apt. No., or PO Box No. <b>PO Box 17</b>	
City, State, ZIP+4® <b>Stillwater, OK 74076</b>	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

7021 0350 0001 5380 9862

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Certified Mail Fee \$	Postmark Here
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$	
Total Postage and Fees \$	
Sent To <b>Larry Bond</b>	
Street and Apt. No., or PO Box No. <b>3501 French Park Drive Ste. G</b>	
City, State, ZIP+4® <b>Edmond, OK 73034</b>	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

7020 0640 0000 9346 4197

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Certified Mail Fee \$	Postmark Here
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy) \$	
<input type="checkbox"/> Return Receipt (electronic) \$	
<input type="checkbox"/> Certified Mail Restricted Delivery \$	
<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$	
Total Postage and Fees \$	
Sent To <b>Legut, LLC</b>	
Street and Apt. No., or PO Box No. <b>6114 W. Canterbury Drive</b>	
City, State, ZIP+4® <b>Stillwater, OK 74074</b>	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	



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5061 0850 0001 5380 9905	<p><b>U.S. Postal Service™</b>  <b>CERTIFIED MAIL® RECEIPT</b>          Domestic Mail Only</p> <p>For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a>®.</p> <p><b>OFFICIAL USE</b></p> <p>Certified Mail Fee          \$ _____</p> <p>Extra Services &amp; Fees (check box, add fee as appropriate)</p> <p><input type="checkbox"/> Return Receipt (hardcopy) \$ _____</p> <p><input type="checkbox"/> Return Receipt (electronic) \$ _____</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery \$ _____</p> <p><input type="checkbox"/> Adult Signature Required \$ _____</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery \$ _____</p> <p>Postage          \$ _____</p> <p>Total Postage and Fees          \$ _____</p> <p>Sent To  <u>Milagro Resources, LP</u>  <u>415 West Wall Ave. Ste. 1118</u>  <u>Midland, TX 79701</u></p> <p>PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions</p>	5061 0850 0001 5380 9905
7021 0350 0001 5380 9929	<p><b>U.S. Postal Service™</b>  <b>CERTIFIED MAIL® RECEIPT</b>          Domestic Mail Only</p> <p>For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a>®.</p> <p><b>OFFICIAL USE</b></p> <p>Certified Mail Fee          \$ _____</p> <p>Extra Services &amp; Fees (check box, add fee as appropriate)</p> <p><input type="checkbox"/> Return Receipt (hardcopy) \$ _____</p> <p><input type="checkbox"/> Return Receipt (electronic) \$ _____</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery \$ _____</p> <p><input type="checkbox"/> Adult Signature Required \$ _____</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery \$ _____</p> <p>Postage          \$ _____</p> <p>Total Postage and Fees          \$ _____</p> <p>Sent To  <u>The McDaniel Company</u>  <u>12900 Preston Road, Ste. 415</u>  <u>Dallas, TX 75231</u></p> <p>PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions</p>	5061 0850 0001 5380 9905
7020 0640 0000 9346 3985	<p><b>U.S. Postal Service™</b>  <b>CERTIFIED MAIL® RECEIPT</b>          Domestic Mail Only</p> <p>For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a>®.</p> <p><b>OFFICIAL USE</b></p> <p>Certified Mail Fee          \$ _____</p> <p>Extra Services &amp; Fees (check box, add fee as appropriate)</p> <p><input type="checkbox"/> Return Receipt (hardcopy) \$ _____</p> <p><input type="checkbox"/> Return Receipt (electronic) \$ _____</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery \$ _____</p> <p><input type="checkbox"/> Adult Signature Required \$ _____</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery \$ _____</p> <p>Postage          \$ _____</p> <p>Total Postage and Fees          \$ _____</p> <p>Sent To  <u>Commissioner of Public Lands</u>  <u>Po Box 1148</u>  <u>Santa Fe, NM 87504-1148</u></p> <p>PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions</p>	5061 0850 0001 5380 9905

# 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  
September 16, 2022  
and ending with the issue dated  
September 16, 2022.



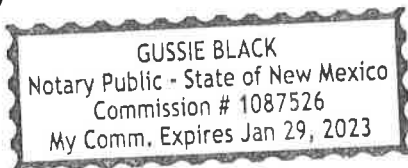
Publisher

Sworn and subscribed to before me this  
16th day of September 2022.



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

## LEGALS

### LEGAL NOTICE September 16, 2022

Comm ingling  
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.  
FAE II Operating, LLC  
11757 Katy Freeway,  
Suite 725  
Houston, TX 77079  
832-241-8080  
Brittney Storfa  
Location: T25S-R37E,  
Section 33  
Facility Location: T25S-R37E, Section 33: Unit Letter M  
Arnett Ramsay NCT-B #003 - API: 30-025-11863  
R O Gregory #003 - API: 30-025-11874  
Comm ingling production is pooled from the Jalmat; Tan-Yates-7 Rivers (79240 - Gas) & Langlie Mattix; 7 RVRS-Q-Grayburg (37240 - Gas)  
#38026

67115951

00270899

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

**From:** [McClure, Dean, EMNRD](#) on behalf of [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); [Paradis, Kyle O](#); [Walls, Christopher](#); [Dawson, Scott](#)  
**Subject:** Approved Administrative Order PLC-833  
**Date:** Monday, October 31, 2022 5:27:42 PM  
**Attachments:** [PLC833 Order.pdf](#)

---

NMOCD has issued Administrative Order PLC-833 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
30-025-11863	Arnot Ramsay NCT B #3	A	32-25S-37E	37240
30-025-11874	R O Gregory #3	L M N	33-25S-37E	79240

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:** [Brittney Storfa](#)  
**To:** [McClure, Dean, EMNRD](#)  
**Cc:** [Wrinkle, Justin, EMNRD](#)  
**Subject:** RE: [EXTERNAL] RE: surface commingling application PLC-833  
**Date:** Thursday, October 27, 2022 10:07:48 AM

---

Dean,  
The commingling will not decrease the value.

Thank you,  
Brittney

---

**From:** McClure, Dean, EMNRD <[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)>  
**Sent:** Wednesday, October 26, 2022 4:00 PM  
**To:** Brittney Storfa <[brittney@faenergyus.com](mailto:brittney@faenergyus.com)>  
**Cc:** Wrinkle, Justin, EMNRD <[Justin.Wrinkle@emnrd.nm.gov](mailto:Justin.Wrinkle@emnrd.nm.gov)>  
**Subject:** RE: [EXTERNAL] RE: surface commingling application PLC-833

Ms. Storfa,

Please confirm whether the commingling of the production within this project will decrease the value of that production.

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

---

**From:** Brittney Storfa <[brittney@faenergyus.com](mailto:brittney@faenergyus.com)>  
**Sent:** Thursday, September 22, 2022 2:54 PM  
**To:** McClure, Dean, EMNRD <[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)>  
**Subject:** RE: [EXTERNAL] RE: surface commingling application PLC-833

Dean,  
We were not about to get ahold of Larry Bond. We did publish a notice in the newspaper. I have attached the affidavit of publication for your records. Please let me know if you need anything else.

Thank you,  
Brittney

---

**From:** McClure, Dean, EMNRD <[Dean.McClure@state.nm.us](mailto:Dean.McClure@state.nm.us)>  
**Sent:** Thursday, September 8, 2022 5:02 PM  
**To:** Brittney Storfa <[brittney@faenergyus.com](mailto:brittney@faenergyus.com)>  
**Subject:** RE: [EXTERNAL] RE: surface commingling application PLC-833

An email confirmation of receipt from him will suffice. Written confirmation of no protest to the application from him will allow for a 20 day notice period to not restart.

If you have written confirmation from him in the past within your files then that would have meant that the 20 day notice period started at the date of that confirmation. As such, the new 20 day notice period may have already ran out.

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

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**From:** Brittney Storfa <[brittney@faenergyus.com](mailto:brittney@faenergyus.com)>  
**Sent:** Thursday, September 8, 2022 3:55 PM  
**To:** McClure, Dean, EMNRD <[Dean.McClure@state.nm.us](mailto:Dean.McClure@state.nm.us)>  
**Subject:** [EXTERNAL] RE: surface commingling application PLC-833

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

Dean,

I have the returned packet. I don't know that we tried to reach out any other way. I also do not see that a notification of publication was done. I will get with our land group to confirm. If no additional notification was sent or the publication was not done. Would email notification and response from him work for notification? And if that doesn't work I will work on getting the affidavit of publication done.

Thank you,  
Brittney

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**From:** McClure, Dean, EMNRD <[Dean.McClure@state.nm.us](mailto:Dean.McClure@state.nm.us)>  
**Sent:** Thursday, September 8, 2022 3:38 PM  
**To:** Brittney Storfa <[brittney@faenergyus.com](mailto:brittney@faenergyus.com)>  
**Subject:** surface commingling application PLC-833

Ms. Storfa,

I am reviewing surface commingling application PLC-833 which involves a commingling project that includes the R O Gregory 3 Central Tank Battery and is operated by FAE II Operating, LLC (329326).

Please confirm that the following person has received notification of this application:

##### **Larry Bond**

**7021 0350 0001 5380 9882**

**Returned**

Diversly, was public notice of this application provided?

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-833**

**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.
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, 19.15.12. NMAC, and 19.15.23. NMAC.
8. 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.

9. 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.
10. 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.
11. 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.
12. 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 or gas title transfer meter described in Exhibit A.

2. Gas production for R O Gregory No. 3 (30-025-11874) shall be allocated using allocation meters.

The gas production allocated to Arnot Ramsay NCT B No. 3 (30-025-11863) shall be equal to the total commingled gas production minus the gas production allocated to R O Gregory No. 3 (30-025-11874).

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**



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**ADRIENNE E. SANDOVAL  
DIRECTOR**

**DATE:** 10/31/2022



State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **PLC-833**

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

Central Tank Battery: **R O Gregory 3 Central Tank Battery**

Central Tank Battery Location: **UL M, Section 33, Township 25 South, Range 37 East**

Gas Title Transfer Meter Location: **UL M, Section 33, Township 25 South, Range 37 East**

### Pools

Pool Name	Pool Code
<b>LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG</b>	<b>37240</b>
<b>JALMAT; TAN-YATES-7 RVRS (GAS)</b>	<b>79240</b>

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

Lease	UL or Q/Q	S-T-R
<b>BO 02290001</b>	<b>A</b>	<b>32-25S-37E</b>
<b>NMLC 0054667</b>	<b>L M N</b>	<b>33-25S-37E</b>

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
<b>30-025-11863</b>	<b>Arnot Ramsay NCT B #3</b>	<b>A</b>	<b>32-25S-37E</b>	<b>37240</b>
<b>30-025-11874</b>	<b>R O Gregory #3</b>	<b>L M N</b>	<b>33-25S-37E</b>	<b>79240</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 54087

**CONDITIONS**

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 54087
	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.	11/1/2022