

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

9/27/2021
 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: Forty Acres Energy, 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		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. 37240 LANGLEIE MATTIX; 7 RVRS-Q-GRAYBURG

(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

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September 24, 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 Forty Acres Energy, LLC for Administrative Approval to Surface Commingle and Sell Gas Production from the Langlie Mattix Pool for the Clower State and Elliott B 20 Wells at the Elliott B 20 CTB located in Unit Letter G, Sec. 20, T-22S, R-37E, Lea County, New Mexico

Dear Mr. McClure:

Forty Acres Energy, LLC, OGRID: 371416, requests administrative approval for surface commingling of gas production from the Langlie Mattix Pool for its Clower State #1, and Elliott B 20 #1, #2, and #3 wells located in Section 20 of T-22S, R-37E 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 Clower State #1 will have a gas allocation meter manufactured and assembled in accordance with American Gas Association specifications. The Elliott B 20 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 Clower State #1 and tied in to the Elliott B 20 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 or by telephone at (832) 241-8080.

Very truly yours,



Forty Acres Energy, LLC

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Exhibit A – Lease Boundaries Map

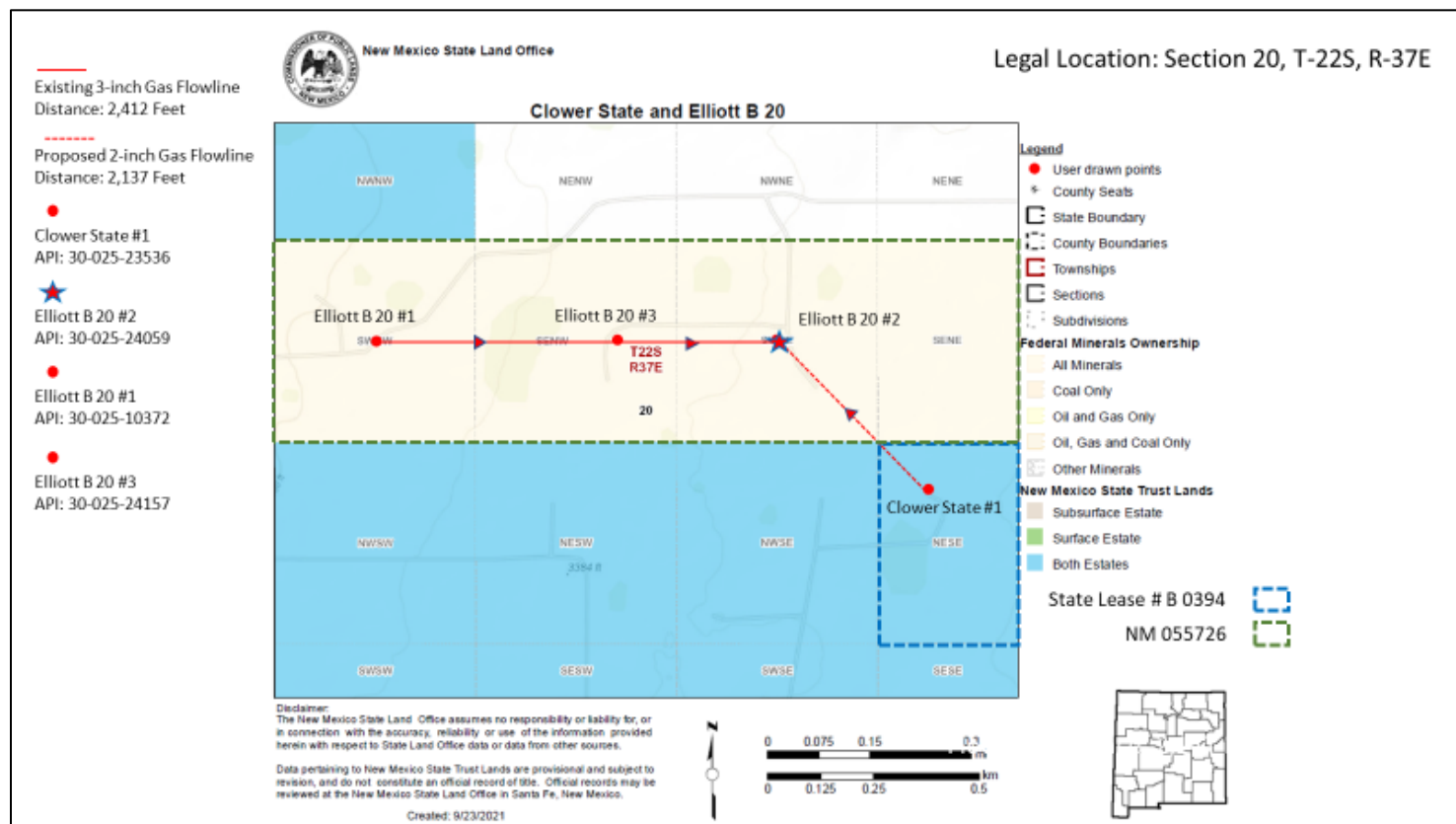
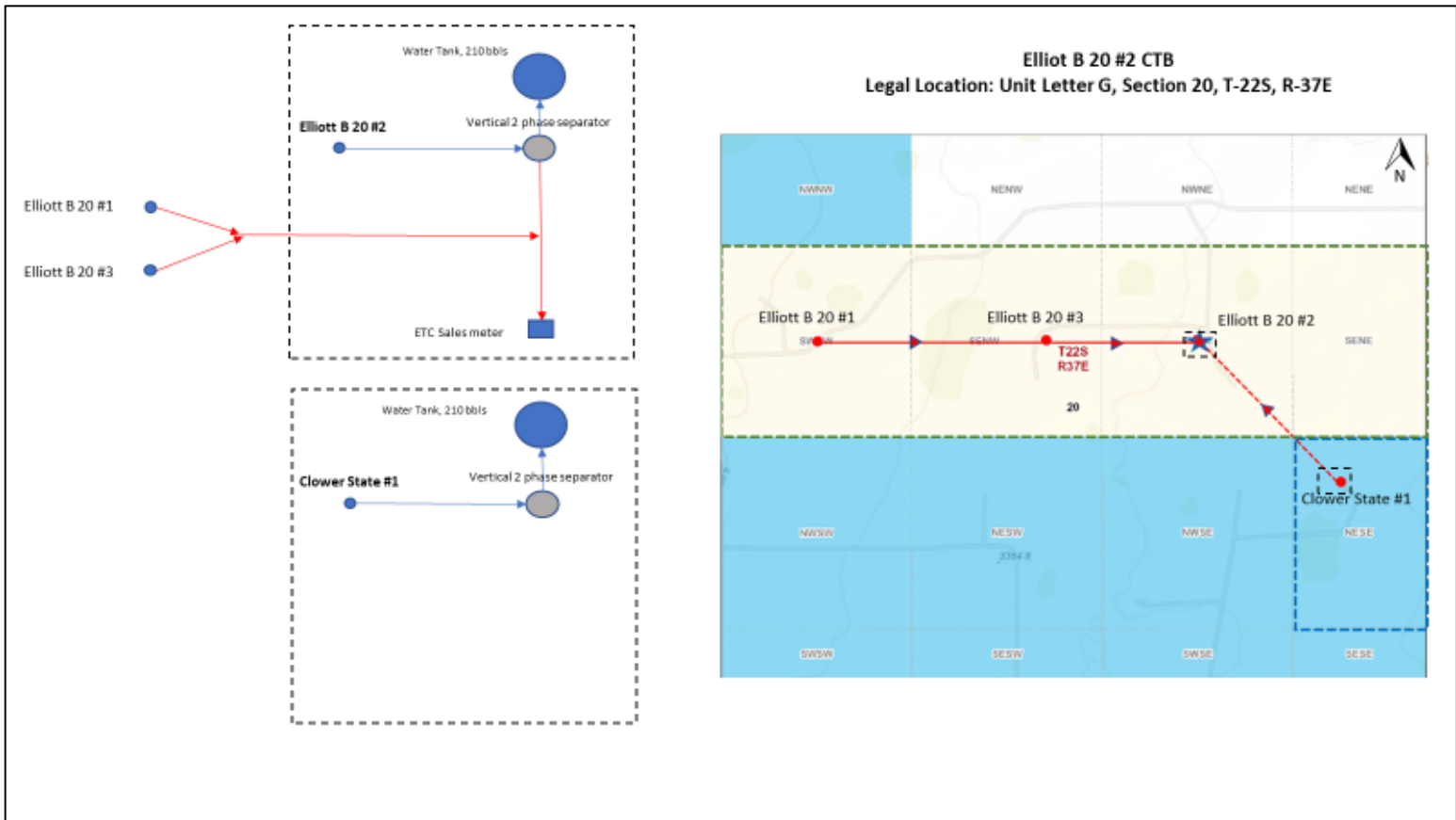


Exhibit B – Lease and Well Information

Well Name	Lease No.	API #	Pool ID
Clower State #1	B 0394	30-025-23536	37240 LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG
Elliott B 20 #1	NM 055726	30-025-10372	37240 LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG
Elliott B 20 #2	NM 055726	30-025-24059	37240 LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG
Elliott B 20 #3	NM 055726	30-025-24157	37240 LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG

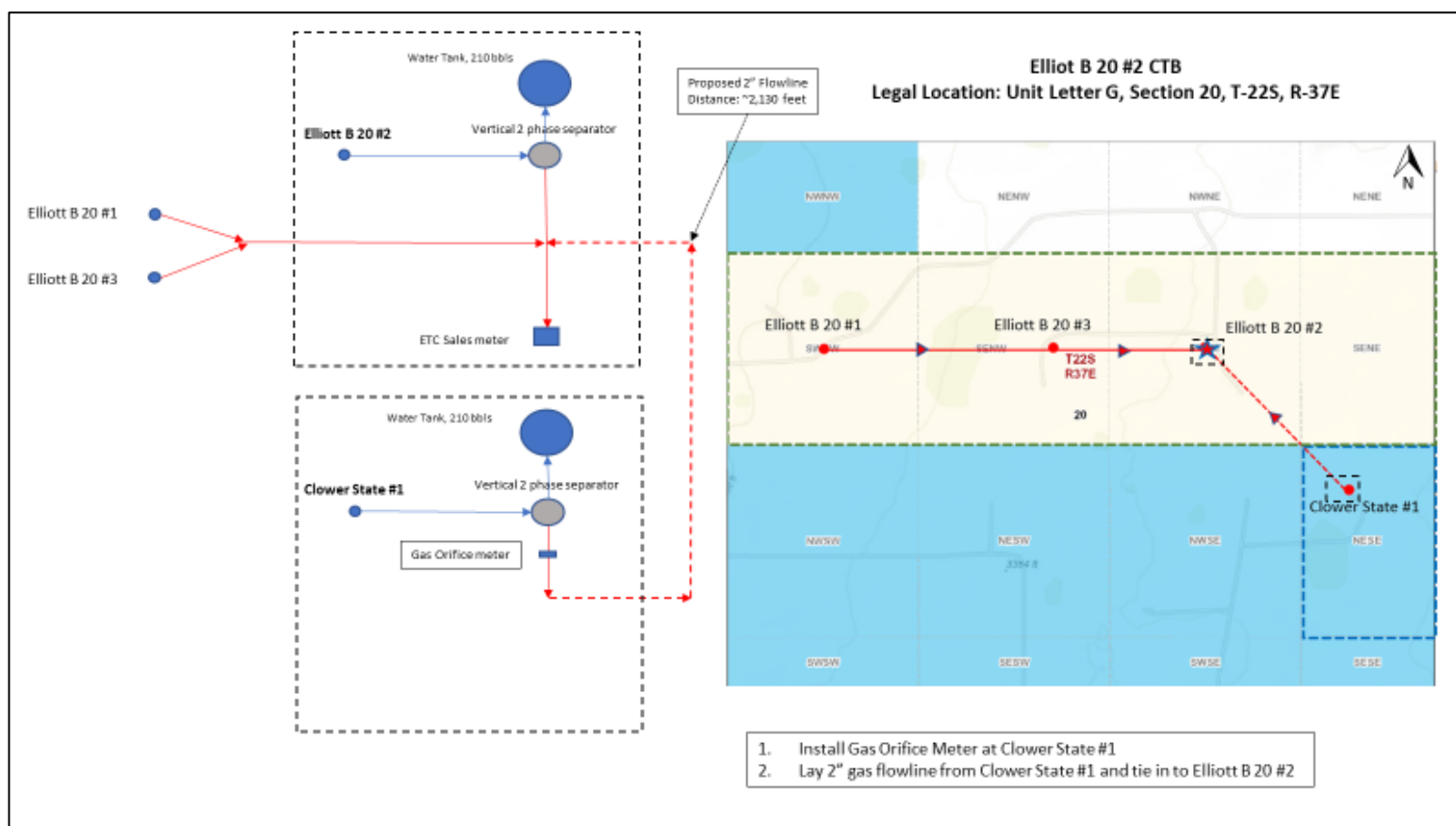
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Exhibit C – Current Facility Layout



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Exhibit D – Proposed Facility Layout



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Exhibit E – Ownership Information

Well Name(s)	Ownership Type	Name	Address
Clower State #1, Elliott B 20 #1, #2, #3	Working	FAE II Operating LLC	11757 Katy Fwy Ste. 725 Houston, TX 77079-1762
Clower State #1	Royalty	State of New Mexico Commissioner of Public Lands	PO Box 1148 Santa Fe, NM 87504-1148
Clower State #1	Working	Norma J Chanley	PO Box 728 Hobbs, NM 88241
Clower State #1	Royalty	Roy G Barton, Jr.	1919 N. Turner St. Hobbs, NM 88240
Clower State #1	Royalty	Edith Allene Brocchini Trust	PO Box 41779 Austin, TX 78704
Clower State #1	Royalty	John C Clower Trust	PO Box 41779 Austin, TX 78704
Clower State #1	Royalty	Kelly Jo Clower Trust	PO Box 41779 Austin, TX 78704
Clower State #1	Royalty	Lawrence Clower Trust	PO Box 41779 Austin, TX 78704
Clower State #1	Royalty	XTO Energy Inc. Attn: OBO-JIB (BGK-2)	810 Houston Street Fort Worth, TX 76102-9298
Elliott B 20 #1, #2, #3	Royalty	Department of Interior Royalty Management Program	PO Box 5810 Denver, CO 80217-5810
Elliott B 20 #1, #2, #3	Royalty	Birch Royalties, LLC	PO Box 660082 Dallas, TX 75266-0082
Elliott B 20 #1, #2, #3	Royalty	BNM, Inc	4032 US Highway 82 Mayhill, NM 88339-2077
Elliott B 20 #1, #2, #3	Royalty	Noble Royalties Access Fund IV	PO Box 660082 Dallas, TX 75266-0082
Elliott B 20 #1, #2, #3	Royalty	Noble Royalties Access Fund V	PO Box 660082 Dallas, TX 75266-0082
Elliott B 20 #1, #2, #3	Royalty	Noble Royalties Access Fund VI	PO Box 660082 Dallas, TX 75266-0082
Elliott B 20 #1, #2, #3	Royalty	Poco Realty Co.	2602 Terrace Midland, TX 79705
Elliott B 20 #1, #2, #3	Royalty	Lisa Sell	1500 Douglas Ave. Midland, TX 79701
Elliott B 20 #1, #2, #3	Royalty	Tay-Mor Enterprises, Inc.	PO Box 4723 Midland, TX 79704
Elliott B 20 #1, #2, #3	Royalty	Donald E. Welch	4455 Cardiff Ave. Fort Worth, TX 76133

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Exhibit F – Certified Mail Receipts

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Sent To Roy G. Barton, Jr. Street and Apt. No., or PO Box No. 1919 N. Turner St. City, State, ZIP+4® Hobbs, NM 88240 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

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Sent To John C. Clower Trust Street and Apt. No., or PO Box No. PO Box 41779 City, State, ZIP+4® Austin, TX 78704 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

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Sent To Kelly Jo Clower Trust Street and Apt. No., or PO Box No. PO Box 41779 City, State, ZIP+4® Austin, TX 78704 PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

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City, State, ZIP+4® Fort Worth, TX 76102-9298	

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Sent To: <u>BLM</u>	
Street and Apt. No., or PO Box No. <u>301 Dinosaur Trail</u>	
City, State, ZIP+4® <u>Santa Fe, NM 87508</u>	
PS Form 3800, April 2015 PSN 7530-02-000-9547 See Reverse for Instructions	

Well Name(s)	Ownership Type	Name	Address	Tracking Numbers
Clower State #1, Elliott B 20 #1, #2, #3	Working	FAE II Operating LLC	11757 Katy Fwy Ste. 725 Houston, TX 77079-1762	
Clower State #1	Royalty	State of New Mexico Commissioner of Public Lands	PO Box 1148 Santa Fe, NM 87504-1148	7020 0640 0000 9346 3895
Clower State #1	Working	Norma J Chanley	PO Box 728 Hobbs, NM 88241	7020 0640 0000 9346 3992
Clower State #1	Royalty	Roy G Barton, Jr.	1919 N. Turner St. Hobbs, NM 88240	7020 0640 0000 9436 4005
Clower State #1	Royalty	Edith Allene Brocchini Trust	PO Box 41779 Austin, TX 78704	7020 0640 0000 9436 4012
Clower State #1	Royalty	John C Clower Trust	PO Box 41779 Austin, TX 78704	7020 0640 0000 9346 4029
Clower State #1	Royalty	Kelly Jo Clower Trust	PO Box 41779 Austin, TX 78704	7020 0640 0000 9346 4036
Clower State #1	Royalty	Lawrence Clower Trust	PO Box 41779 Austin, TX 78704	7020 0640 0000 9346 4043
Clower State #1	Royalty	XTO Energy Inc. Attn: OBO-JIB (BGK-2)	810 Houston Street Fort Worth, TX 76102-9298	7020 0640 0000 9346 4050
Elliott B 20 #1, #2, #3	Royalty	Department of Interior Royalty Management Program	PO Box 5810 Denver, CO 80217-5810	7020 0640 0000 9346 4067
Elliott B 20 #1, #2, #3	Royalty	Birch Royalties, LLC	PO Box 660082 Dallas, TX 75266-0082	7020 0640 0000 9346 4074
Elliott B 20 #1, #2, #3	Royalty	BNM, Inc	4032 US Highway 82 Mayhill, NM 88339-2077	7020 0640 0000 9346 4081
Elliott B 20 #1, #2, #3	Royalty	Noble Royalties Access Fund IV	PO Box 660082 Dallas, TX 75266-0082	7020 0640 0000 9346 4098
Elliott B 20 #1, #2, #3	Royalty	Noble Royalties Access Fund V	PO Box 660082 Dallas, TX 75266-0082	7020 0640 0000 9346 4104
Elliott B 20 #1, #2, #3	Royalty	Noble Royalties Access Fund VI	PO Box 660082 Dallas, TX 75266-0082	7020 0640 0000 9346 4111
Elliott B 20 #1, #2, #3	Royalty	Poco Realty Co.	2602 Terrace Midland, TX 79705	7020 0640 0000 9346 4128
Elliott B 20 #1, #2, #3	Royalty	Lisa Sell	1500 Douglas Ave. Midland, TX 79701	7020 0640 0000 9346 4135
Elliott B 20 #1, #2, #3	Royalty	Tay-Mor Enterprises, Inc.	PO Box 4723 Midland, TX 79704	7020 0640 0000 9346 4142
Elliott B 20 #1, #2, #3	Royalty	Donald E. Welch	4455 Cardiff Ave. Fort Worth, TX 76133	7020 0640 0000 9346 4159
Elliott B 20 #1, #2, #3	Royalty	BLM	301 Dinosaur Trail Santa Fe, NM 87508	7020 0640 0000 9346 4159

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; [Paradis, Kyle O](#); [Walls, Christopher](#); [Dawson, Scott](#)
Subject: Approved Administrative Order CTB-1041
Date: Tuesday, November 15, 2022 3:20:05 PM
Attachments: [CTB1041 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1041 which authorizes Forty Acres Energy, LLC (371416) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-23536	Clower State #1	I	20-22S-37E	37240
30-025-10372	Elliott B 20 #1	E	20-22S-37E	37240
30-025-24059	Elliott B 20 #2	G	20-22S-37E	37240
30-025-24157	Elliott B 20 #3	F	20-22S-37E	37240

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 FORTY ACRES ENERGY, LLC**

ORDER NO. CTB-1041

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. Forty Acres Energy, 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 or gas title transfer meter described in Exhibit A.

2. The gas production for the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG (Pool Code 37240) from Elliott B 20 No. 1 (API No. 30-025-10372), Elliott B 20 No. 2 (API No. 30-025-24059), and Elliott B 20 No. 3 (API No. 30-025-24157) shall be measured prior to commingling it with production from any other pool or lease.

The gas production allocated to Clower State No. 1 (API No. 30-025-23536) shall be equal to the total commingled gas production minus the gas production allocated to Elliott B 20 No. 1 (API No. 30-025-10372), Elliott B 20 No. 2 (API No. 30-025-24059), and Elliott B 20 No. 3 (API No. 30-025-24157).

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: 11/14/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **CTB-1041**

Operator: **Forty Acres Energy, LLC (371416)**

Central Tank Battery: **Elliot B 20 2 Central Tank Battery**

Central Tank Battery Location: **UL G, Section 20, Township 22 South, Range 37 East**

Gas Title Transfer Meter Location: **UL G, Section 20, Township 22 South, Range 37 East**

Pools

Pool Name	Pool Code
LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	37240

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
B0 09340025	I	20-22S-37E
NMNM 0557256	E F G	20-22S-37E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-23536	Clower State #1	I	20-22S-37E	37240
30-025-10372	Elliott B 20 #1	E	20-22S-37E	37240
30-025-24059	Elliott B 20 #2	G	20-22S-37E	37240
30-025-24157	Elliott B 20 #3	F	20-22S-37E	37240

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 54082

CONDITIONS

Operator: FORTY ACRES ENERGY, LLC 11757 KATY FWY HOUSTON, TX 77079173	OGRID: 371416
	Action Number: 54082
	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.	11/15/2022