DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.	
		Ă	ABOVE THIS LINE FOR DIVISION USE C	DNLY		
		- Engine	CONSERVATION eering Bureau - is Drive, Santa Fe, Ni			
	ADN	IINISTRATI			CKLIST	
THIS CHEC	CKLIST IS MANDATO		ATIVE APPLICATIONS FO		DIVISION RULES AND RE	GULATIONS
ני	DHC-Downhole C PC-Pool Com[WFX-۷] إ\$	Commingling] [C mingling] [OLS Vaterflood Expans SWD-Salt Water Dis	TB-Lease Commingl - Off-Lease Storage] ion] [PMX-Pressu sposal] [IPI-Injections	ing] [PLC-Poo [[OLM-Off-Le re Maintenance on Pressure Inc	Expansion]	ng]
[1] TYF	[A] Loca		ose Which Apply for - Simultaneous Ded SD			
	[B] Com	Only for [B] or [C] mingling - Storage DHC CTB	- Measurement	OLS] OLM	
		tion - Disposal - Pr WFX 🔲 PMX	essure Increase - Enh	nanced Oil Reco I 🗌 EOR [very PPR	
	[D] Othe	r: Specify				
[2] NO T			Check Those Which or Overriding Royalt			
	[B]	Offset Operators, L	easeholders or Surfa	ce Owner		
	[C]	Application is One	Which Requires Pub	lished Legal No	tice	
	[D]	Notification and/or	Concurrent Approva	al by BLM or SL Lands, State Land Office	.0	
	[E]	For all of the above				

Waivers are Attached [F]

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

CERTIFICATION: I hereby certify that the information submitted with this application for administrative [4] 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.

Print or Type Name Signature Title Date	Vanessa Neal	In Not	Sr Reservoir Engineer	13 Apr 2022
	Print or Type Name		Title	Date

vanessa@faenergyus.com

e-mail Address

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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

FAE II Operating LLC

State of New Mexico Energy, Minerals and Natural Resources Department

Page 2 of 19 Form C-107A

Revised August 1, 2011

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

APPLICATION TYPE X_Single Well Establish Pre-Approved Pools EXISTING WELLBORE <u>X</u> Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

11757 Katy Freeway, Suite 725 Houston, TX 77079 Address

Operator		Address	
STATE A A/C 1	#111	N-04-23S-36E	LEA
Lease	Well No.	Unit Letter-Section-Township-Range	County
OGRID No. <u>329326</u>	_ Property Code <u>331162</u>	API No. <u>30-025-23224</u> Lease T	ype:FederalX_StateFee

UPPER ZONE INTERMEDIATE ZONE DATA ELEMENT LOWER ZONE JALMAT; TANSILL-YATES-7 LANGLIE MATTIX; 7 RVRS-Q-Pool Name RVRS GRAYBURG 79240 37240 Pool Code Top and Bottom of Pay Section 3252'-3666' 3666'-3924' (Perforated or Open-Hole Interval) Method of Production ARTIFICAL LIFT ARTIFICAL LIFT (Flowing or Artificial Lift) **Bottomhole Pressure** e 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 API / 1.189 BTU 35 API / 1.189 BTU Producing, Shut-In or PRODUCING NEW ZONE New Zone Date and Oil/Gas/Water Rates of Last Production. Date: Date: (Note: For new zones with no production history, SEE SEE applicant shall be required to attach production ATTACHED ATTACHED estimates and supporting data.) Rates: Rates: Fixed Allocation Percentage Oil Gas Oil Gas (Note: If allocation is based upon somethin other than current or past production, supporting data or % % % 19 0 81 100

ADDITIONAL DATA

%

Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes Yes	X	No No
Are all produced fluids from all commingled zones compatible with each other?	Yes	<u>X</u>	No
Will commingling decrease the value of production?	Yes		No_ <u>X</u>
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	<u>X</u>	No
NMOCD Reference Case No. applicable to this well:			

Attachments:

explanation will be required.)

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 an	nd belief.	
SIGNATURE	\ / 0				
SIGNATURE VV	\mathbb{N}	TITLE	<u>Sr Reservoir Engineer</u>	DATE	<u>02 May 2022</u>
	IN N				

_TELEPHONE NO. (<u>832</u>) <u>219-0990</u>

	• •
TYPE OR PRINT NAME	Vanessa Neal

E-MAIL ADDRESS vanessa@faenergyus.com

FAE II Operating LLC 11757 Katy Fwy #725, Houston, TX 77079 (832) 220-9188 steven@faenergyus.com

faeIIoperating

April 13, 2022

Dean McClure Petroleum Engineer, Oil Conservation Division New Mexico Energy, Minerals and Natural Resources Department 1220 South St. Francis Dr Santa Fe, NM 87505

Re: State A A/C 1 #111 API: 30-025-23224 [79240] Jalmat; Tansill-Yates-7 RVRS (Gas) [37240] Langlie Mattix; 7 Rvrs-Q-Grayburg

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 downhole 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.

Thank you for your attention to this matter.

Respectfully,

Steven Lehrbass Director of Land FAE II Operating LLC *Received by OCD: 5/5/2022 3:49:08 PM* 11757 Katy Fwy #725, Houston, TX 77079 (832) 219-0990 vanessa@faenergyus.com

faeIIoperating

April 11, 2022

Dean McClure Petroleum Engineer, Oil Conservation Division New Mexico Energy, Minerals and Natural Resources Department 1220 South St. Francis Dr Santa Fe, NM 87505

Re: State A A/C 1 #111 API: 30-025-23224 [79240] Jalmat; Tansill-Yates-7 RVRS (Gas) [37240] Langlie Mattix; 7 Rvrs-Q-Grayburg

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for downhole commingling of oil and gas production from the aforementioned well and pools. This well's surface location is described below and the downhole locations of each pool are shown in the attached C-102's.

Surface Location: N-04-23S-36E 467 FSL 2173 FWL Lat/Long: 32.3275871,-103.2715988 NAD83

The well is currently producing from the **[79240] Jalmat; Tansill-Yates-7 RVRS (Gas)** pool; Exhibit A shows the well's historical production from this pool. It is proposed to downhole commingle this pool with the **[37240] Langlie Mattix; 7 Rvrs-Q-Grayburg** pool. While there is no recent production for the proposed pool in this well, there are multiple offset wells that are currently producing from the proposed pool. The average historical production of the surrounding analog wells producing from the proposed pool are shown in Exhibit B.

Decline curve analysis was used to create forecasts for each pool with a heavy weighting toward the last five years of production as it should most heavily influence future performance. Historical monthly volumes for each pool for the last five years as wells as a forecast of the combined pools are shown in Exhibit C. After comparing the forecasts generated from the historical production of the **State A A/C 1 #111** and the offset analogs for each pool, pool allocations were calculated on a proportional volume basis. This allocation, along with estimated IP rates for each pool after the comingling work is complete, are displayed in the table 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 you have any questions, please feel free to contact the undersigned. Thank you for your attention to this matter.

Respectfully,

Vanessa Neal

Sr Reservoir Engineer

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Exhibit A – Historical Production of Current Pool

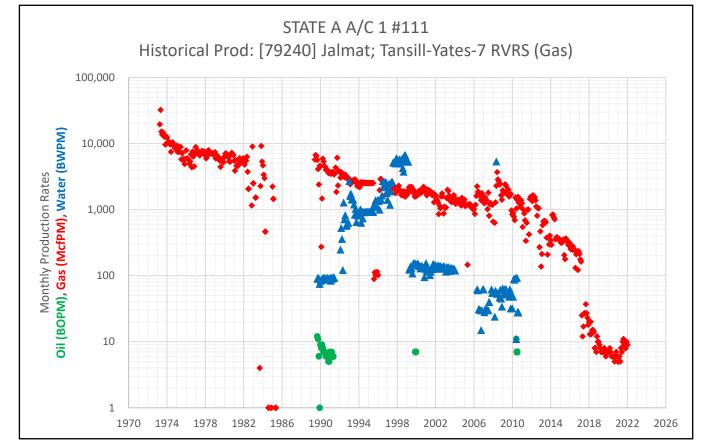
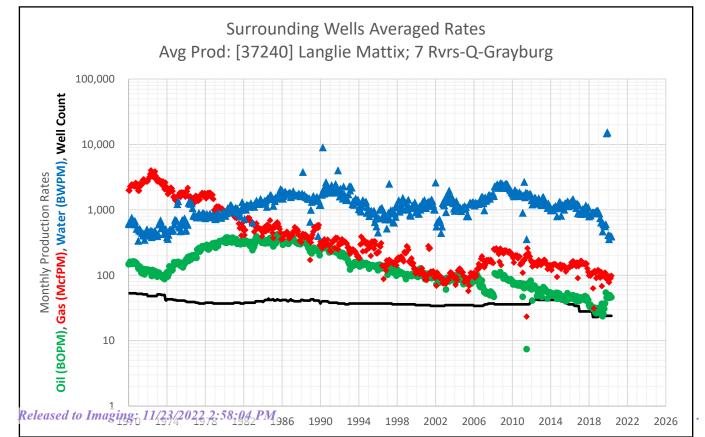


Exhibit B – Average Historical Production of Offset Analog Wells



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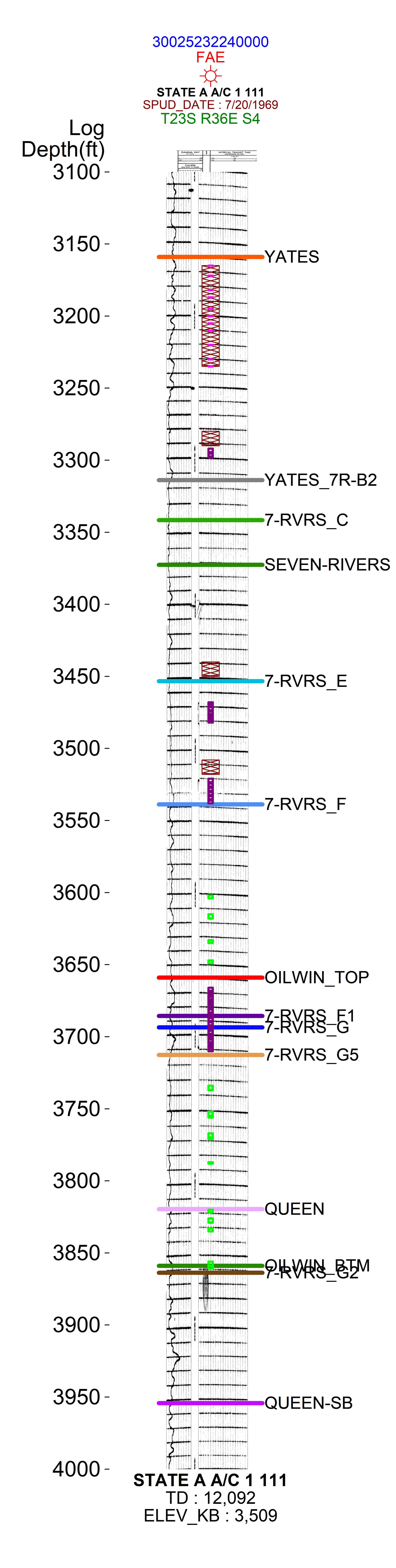
Exhibit C – Historical Production from Last 5 Years for Each Pool & Combined Future Forecast

Surrounding Wells Averaged Rates Avg Prod: [37240] Langlie Mattix; 7 Rvrs-Q-Grayburg					STATE A A/C 1 #111 Historical Prod: [79240] Jalmat; Tansill-Yates-7 RVRS (Gas)			Synthetic Decline Curve				
Date 9/1/2016	Avg Oil (BOPM) 40	Avg Gas (McfPM) 137	Avg Water (BWPM)	Well Count	Date 5/1/2016	Avg Oil (BOPM)	Avg Gas (McfPM) 275	Avg Water (BWPM)	Month	Avg Oil (BOPM) 36.8	Avg Gas (McfPM) 561	Avg Water (BWPM)
9/1/2016 10/1/2016	40 47	137	1,069 1,258	34 34	6/1/2016		275		1	36.6	561	<mark>1,119</mark> 1,115
11/1/2016	47	90	889	34	7/1/2016		243		3	36.4	558	1,113
12/1/2016	45	138	1,185	34	8/1/2016		131		4	36.3	557	1,108
1/1/2017	41	155	878	28	9/1/2016		210		5	36.1	556	1,104
2/1/2017	45	155	917	28	10/1/2016		234		6	35.9	554	1,101
3/1/2017	46	167	867	28	11/1/2016		122		7	35.7	553	1,097
4/1/2017	43	149	900	28	12/1/2016		234		8	35.6	552	1,093
5/1/2017	45	151	1,031	28	1/1/2017		214		9	35.4	550	1,090
6/1/2017	43	150	1,016	28	2/1/2017		176		10	35.2	549	1,086
7/1/2017	44	152	910	28	3/1/2017		163		11	35.1	547	1,083
8/1/2017	48	146	935	28	4/1/2017		25		12	34.9	546	1,079
9/1/2017 10/1/2017	41 46	153 149	1,175 870	28 28	5/1/2017 6/1/2017		12 17		13 14	34.7 34.6	545 543	1,076 1,072
10/1/2017	40	149	927	28	7/1/2017		27		14	34.0	543	1,072
12/1/2017	42	112	1,097	28	8/1/2017		27		16	34.2	541	1,065
1/1/2018	35	99	795	28	9/1/2017		37		17	34.1	539	1,062
2/1/2018	33	107	840	28	10/1/2017		27		18	33.9	538	1,058
3/1/2018	35	99	823	28	11/1/2017		23		19	33.8	537	1,055
4/1/2018	33	103	877	28	12/1/2017		18		20	33.6	535	1,051
5/1/2018	32	109	909	28	1/1/2018		20		21	33.4	534	1,048
6/1/2018	30	63	917	23	2/1/2018		13		22	33.3	533	1,044
7/1/2018	32	31	906	23	3/1/2018		20		23	33.1	531	1,041
8/1/2018	32	117	906	23	4/1/2018		13		24	33.0	530	1,037
9/1/2018 10/1/2018	27 26	109 90	894 966	23 23	5/1/2018 6/1/2018		15 15		25 26	32.8 32.6	529 527	1,034 1,031
10/1/2018	20	90 115	900 942	23	7/1/2018		15 14		20	32.0	527	1,031
12/1/2018	31	110	979	23	8/1/2018		8		28	32.3	525	1,024
1/1/2019	32	119	901	24	9/1/2018		8		29	32.2	523	1,020
2/1/2019	28	98	877	24	10/1/2018		7		30	32.0	522	1,017
3/1/2019	30	92	748	24	11/1/2018		12		31	31.9	521	1,014
4/1/2019	26	113	641	24	12/1/2018		10		32	31.7	519	1,010
5/1/2019	37	68	654	24	1/1/2019		10		33	31.6	518	1,007
6/1/2019	24	97	469	24	2/1/2019		9		34	31.4	517	1,004
7/1/2019	26	105	609	24	3/1/2019		8		35	31.3	516	1,000
8/1/2019 9/1/2019	31	99 110	576	24	4/1/2019		7		36	31.1	514	997
10/1/2019	37 54	110 102	560 603	24 24	5/1/2019 6/1/2019		/		37 38	31.0 30.8	513 512	994 991
11/1/2019	45	87	14,805	24	7/1/2019		- 7		39	30.8	512	991
12/1/2019	49	93	15,311	24	8/1/2019		8		40	30.5	509	984
1/1/2020	50	97	413	24	9/1/2019		7		41	30.4	508	981
2/1/2020	45	78	356	24	10/1/2019		6		42	30.2	507	978
3/1/2020	50	96	405	24	11/1/2019		7		43	30.1	505	974
4/1/2020	47	90	391	24	12/1/2019		7		44	29.9	504	971
5/1/2020	46	98	393	24	1/1/2020		7		45	29.8	503	968
6/1/2020	36	80	313	24	2/1/2020		7		46	29.7	502	965
7/1/2020	41	83	324	24	3/1/2020		8		47	29.5	500	962
8/1/2020 9/1/2020	41 34	86 86	457 309	24 24	4/1/2020 5/1/2020		7 6		48 49	29.4 29.2	499 498	959 955
10/1/2020	34 38	80 79	278	24	6/1/2020		6		49 50	29.2	498 497	955 952
10/1/2020	39	92	278	24	7/1/2020		6		51	29.1	495	949
12/1/2020	39	75	278	24	8/1/2020		6		52	28.8	494	946
1/1/2021	43	73	253	24	9/1/2020		5		53	28.7	493	943
2/1/2021	24	53	161	24	10/1/2020		6		54	28.5	492	940
3/1/2021	31	49	209	24	11/1/2020		7		55	28.4	490	937
4/1/2021	34	66	170	24	12/1/2020		6		56	28.3	489	934
5/1/2021	39	128	205	24	1/1/2021		5		57	28.1	488	931
6/1/2021	23	118	159	24	2/1/2021		5		58	28.0	487	928
7/1/2021	28	89 122	191 186	28 29	3/1/2021		6		59 60	27.9 27.7	486	924 921
8/1/2021 9/1/2021	30 29	123 91	186 201	29 29	4/1/2021 5/1/2021		5 8		60	27.7	484	921
9/1/2021 10/1/2021	29	91	201 215	29 29	6/1/2021		8					
10/1/2021	37	83	312	31	7/1/2021		10					
12/1/2021	29	29	335	31	8/1/2021		11					
Release	ed to I <u>m</u> a	ging: 14/.	23/20 <u>2</u> 202	:58:04 P ₃ M	9/1/2021		9					•
2/1/2022	2	53	2	6	10/1/2021		8					

faeIIoperating

Exhibit D – Pool Allocations & Post Workover IP Rates

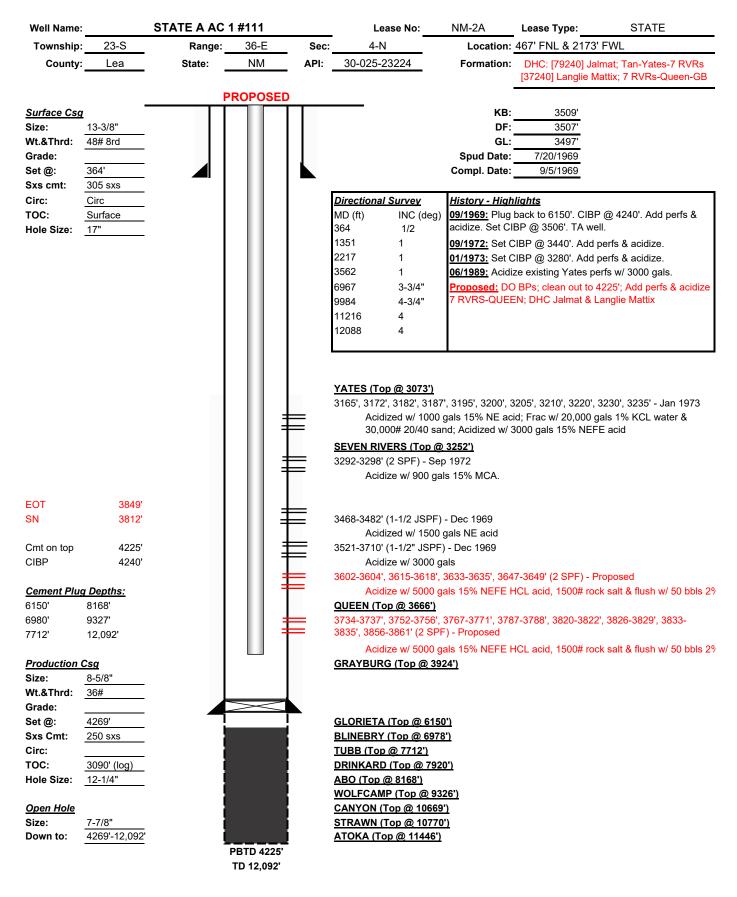
	OIL (bbls)	GAS (Mcf)	WATER (bbls)	POOL
5 yr Cum	2,211	6,266	67,244	
Allocated %	100%	19%	100%	[37240] Langlie Mattix; 7 Rvrs-Q-Grayburg
Daily IP Rate	1.2	3.4	36.8	
5 yr Cum	0	27,415	0	
Allocated %	0%	81%	0%	[79240] Jalmat; Tansill- Yates-7 RVRS (Gas)
Daily IP Rate	0.0	15.0	0.0	
Daily IP Rate	1.2	18.5	36.8	Commingled (Total)



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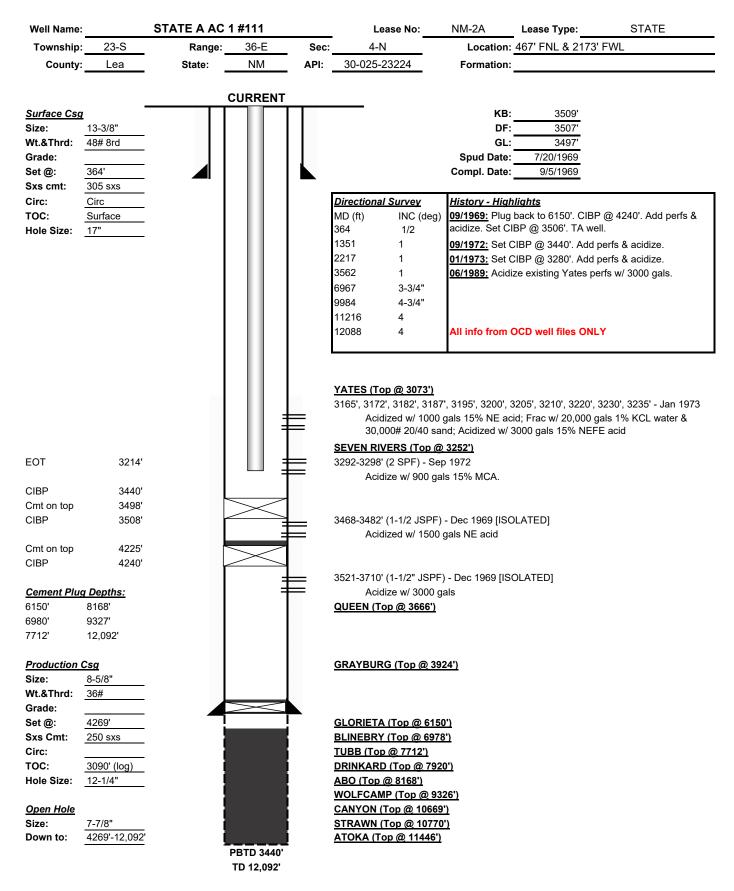
API 14	SOURCE	STATUS	TOP PERF	BASE PERF	INTERVAL
30025232240000	OCD	BRIDGEPLUG	3165	3235	
30025232240000			3280	3290	
30025232240000	OCD	INACTIVE	3292	3298	
30025232240000	OCD	BRIDGEPLUG	3440	3450	
30025232240000	OCD	INACTIVE	3468	3482	
30025232240000	OCD	BRIDGEPLUG	3508	3518	
30025232240000	OCD	INACTIVE	3521	3538	
30025232240000	CJH	PROPOSED	3602	3604	2
30025232240000	CJH	PROPOSED	3615	3618	3
30025232240000	CJH	PROPOSED	3633	3635	2
30025232240000	CJH	PROPOSED	3647	3649	2
30025232240000	OCD	INACTIVE	3666	3710	
30025232240000	CJH	PROPOSED	3734	3737	3
30025232240000	CJH	PROPOSED	3752	3756	4
30025232240000	CJH	PROPOSED	3767	3771	4
30025232240000	CJH	PROPOSED	3787	3788	1
30025232240000	CJH	PROPOSED	3820	3822	2
30025232240000	CJH	PROPOSED	3826	3829	3
30025232240000	CJH	PROPOSED	3833	3835	2
30025232240000	CJH	PROPOSED	3856	3861	5
30025232240000	OCD	BRIDGEPLUG	4240	4250	
30025232240000	OCD	BRIDGEPLUG	6150	6160	
30025232240000	OCD	BRIDGEPLUG	6980	6990	
30025232240000	OCD	BRIDGEPLUG	7712	7722	
30025232240000	OCD	BRIDGEPLUG	8168	8178	
30025232240000	OCD	BRIDGEPLUG	9327	9337	
				SUM	33

Page 8 of 19



lars - Capacities and Performance		
2-3/8" 4.7# J-55 Tubing (118 jts 2-3/8" tubing, SN, 4' perf sub, MA w/ bull plug)	·	

WBD_STATE A AC 1 #111_CURRENT_2022-04-13.xlsx



Tubulars - Capacities and Performance
2-3/8" Tubing

WBD_STATE A AC 1 #111_CURRENT_2022-04-13.xlsx

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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		² Pc	ool Code	³ Pool Name							
30-	025-232	24	7	9240		JALMAT; TA	NSILL-YATES-	7 RVRS (GAS)	RS (GAS)		
⁴ Property C	Code		1	5	Property Name			⁶ We	ll Number		
33116	2			ST	ATE A A/C 1			Ŧ	#111		
⁷ OGRID	No.			8	Operator Name			⁹ E	levation		
32932	6			FAE II (DPERATING,	LLC		3	3507'		
				¹⁰ Sur	face Location	n					
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		
Ν	04	23S	36E		467	S	2173	W	LEA		
			¹¹ Bottom	Hole Locat	ion If Differe	ent From Sur	face				
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		
Ν	04	23S	36E		467	S	2173	W	LEA		
¹² Dedicated Acres	¹³ Joint o	r Infill ¹⁴ (Consolidation Code	¹⁵ Order No.				•			
160		Y									
	1										

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 intered by the division
			04/29/2022
			Signature Date
			Signature / Date
			VANESSA NEAL
			Printed Name
			vanessa@faenergyus.com
			E-mail Address
			ISURVEYOR 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
		SW/4	and correct to the best of my belief.
		Sec 04 (160 acres)	
		. ,	Date of Survey
			Signature and Seal of Professional Surveyor:
0172,	 O		
2173'	467.		Certificate Number
	4		

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		² Pc	ol Code		³ Pool Name					
30-	-025-232	25-23224 37240 LANGLIE MATTIX; 7 RVRS-Q-GF			Q-GRAYBURG	RAYBURG				
⁴ Property C	Code		1	5	Property Name	operty Name			⁶ Well Number	
33116	2			ST	ATE A A/C 1	ГЕ А А/С 1			#111	
⁷ OGRID	No.	⁸ Operator Name					⁹ Elevation			
32932	6	FAE II OPERATING, LLC					3	3507'		
¹⁰ Surface Location										
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
Ν	04	23S	36E		467	S	2173	W	LEA	
	" 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	
Ν	04	23S	36E		467	S	2173	W	LEA	
¹² Dedicated Acres	¹³ Joint o	r Infill ¹⁴ (Consolidation Code	¹⁵ Order No.				•		
40		Y								

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 Nivision.
			04/29/2022
			Signature Date
			Signature J Date
			VANESSA NEAL
			Printed Name
			vanessa@faenergyus.com
			E-mail Address
			¹⁸ SURVEYOR CERTIFICATION
			I hereby certify that the well location shown on this plat
			was plotted from field notes of actual surveys made by
	SE/4 SW/4		me or under my supervision, and that the same is true
	Sec 04 (40 acres)		and correct to the best of my belief.
			Date of Survey
			Signature and Seal of Professional Surveyor:
0170	O		
2173'	467,		Certificate Number
	4		

FAE II Operating, LLC 11757 Katy Fwy #725, Houston, TX 77079 (832) 220-0990 vanessa@faenergyus.com

faeIIoperating

May 05, 2022

Dean McClure Petroleum Engineer, Oil Conservation Division New Mexico Energy, Minerals and Natural Resources Department 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

Re: State A A/C 1 #111 API: 30-025-23224 [79240] Jalmat; Tansill-Yates-7 RVRS (Gas) [37240] Langlie Mattix; 7 Rvrs-Q-Grayburg

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 downhole commingling project. This letter serves as notice that the New Mexico State Land Office (NMSLO) has been mailed a copy of the downhole commingle package, tracking is provided below.

USPS: 7021 0950 0001 7172 8091

Please feel free to contact me directly if you have any questions or need any additional information. Thank you for your attention to this matter.

Respectfully,

Vanessa Neal Sr Reservoir Engineer

-

From:	McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD			
То:	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-5240			
Date:	Wednesday, November 23, 2022 2:36:05 PM			
Attachments:	DHC5240 Order.pdf			

NMOCD has issued Administrative Order DHC-5240 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

Well Name: State A A/C 1 #111 Well API: 30-025-23224

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 DOWNHOLE COMMINGLINGSUBMITTED BY FAE II OPERATING, LLCORDER NO. DHC-5240

<u>ORDER</u>

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. FAE II Operating, 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

Order No. DHC-5240

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.

<u>ORDER</u>

- 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. Prior to commingling production from the Pools within the Well's well bore, Applicant shall confirm the depth of the top of the Queen Formation with OCD's Engineering Bureau. If the depth confirmed by OCD's Engineering Bureau is different than the depth submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after commingling production, Applicant shall submit Form C-103 to the OCD Engineering Bureau correcting the depth of the top of the Queen Formation.
- 6. 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.
- 7. 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.

- 8. 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.
- 9. 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).
- 10. 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



DATE: 11/23/2022

Exhibit A		
Order: DHC-5240		
Operator: FAE II Operating, I	LLC (329326)	
Well Name: State A A/C 1 #112	1	
Well API: 30-025-23224		
Pool Name: JALMAT;TAN-YAT	ES-7 RVRS (GAS)	
Pool ID: 79240	Current: X	New:
Allocation: Fixed Percent	Oil: 0%	Gas: 81%
Interval: Perforations	Top: 3,252	Bottom: 3,566
Pool Name:		
Pool ID:	Current:	New:
Allocation:	Oil:	Gas:
Interval:	Тор:	Bottom:
val within 150% of Upper Zone's To	op of Interval:	
Pool Name: LANGLIE MATTIX;	7 RVRS-Q-GRAYBURG	
Pool ID: 37240	Current:	New: X
Allocation: Fixed Percent	Oil: 100%	Gas: 19%
Interval: Perforations	Top: 3,566	Bottom: 3,924
Interval: Perforations	100.000	
val within 150% of Upper Zone's To	•	
	Order: DHC-5240 Operator: FAE II Operating, I Well Name: State A A/C 1 #111 Well API: 30-025-23224 Pool Name: JALMAT;TAN-YAT Pool ID: 79240 Allocation: Fixed Percent Interval: Perforations Pool Name: Pool ID: Allocation: Interval: val within 150% of Upper Zone's To Pool Name: LANGLIE MATTIX; Pool ID: 37240	Order: DHC-5240 Operator: FAE II Operating, LLC (329326) Well Name: State A A/C 1 #111 Well API: 30-025-23224 Pool Name: JALMAT;TAN-YATES-7 RVRS (GAS) Pool ID: 79240 Current: X Allocation: Fixed Percent Oil: 0% Interval: Perforations Top: 3,252 Pool Name: Pool ID: Current: Allocation: Oil: Interval: Top: val within 150% of Upper Zone's Top of Interval: Pool Name: LANGLIE MATTIX;7 RVRS-Q-GRAYBURG Pool ID: 37240 Current:

State of New Mexico Energy, Minerals and Natural Resources Department

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

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 725	Action Number:
Houston, TX 77079	104752
	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.	11/23/2022		

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Action 104752