DATE IN	SUSP	ENSE	ENGINEER	LOGGED IN	TYPE	APP NO.	
			,	ABOVE THIS LINE FOR DIVISION US	EONLY		
		NEW M	EXICO OIL (	CONSERVATIO	N DIVISION	STATE OF	
			-	eering Bureau -			
		1220	South St. Franc	is Drive, Santa Fe, I	NM 87505	40 · 1912 · 03	
		ADMI	NISTRATI		TION CHE	CKLIST	
THIS	S CHECKLIST IS M	ANDATORY	FOR ALL ADMINISTF	RATIVE APPLICATIONS F	OR EXCEPTIONS TO	DIVISION RULES AND R	EGULATIONS
Applica	ation Acronym		WHICH REQUIRE PR	OCESSING AT THE DIVI	SION LEVEL IN SANT	A FE	
	[NSL-Non-Sta	ndard Loo				nultaneous Dedicat	
	-		• • •	TB-Lease Comming - Off-Lease Storage		ol/Lease Commingli ease Measurement]	ing]
	[-0-60		terflood Expans	-	ure Maintenance	-	
	IEOP-Qua	-		sposal] [IPI-Injec very Certification]		crease] Production Respons	601
	_				-		
[1]	TYPE OF AI [A]			ose Which Apply f : - Simultaneous De			
	[]		SL D NSP	SD SD			
	Check	One Onl	y for [B] or [C]				
	[B]	Commi	ngling - Storage				
		DH 🛛	IC CTB	PLC PC	$\Box$ OLS $\Box$	OLM	
	[C]	Injectio	n - Disposal - Pr	essure Increase - Ei	nhanced Oil Reco	overy	
			FX 🗋 PMX	SWD I	PI 🗌 EOR [	PPR	
	[D]	Other: S	Specify				
[2]	NOTIFICAT	ION REC	DUIRED TO -	Check Those Whic	h Apply or 🗆 Do	es Not Apply	
	[A]			or Overriding Roya			
[2]	[A]			0,			
]	[A] [B]	Of	fset Operators, L	easeholders or Surf	ace Owner		
[~]			-			otice	

- 0.5. Bureau of Land Management Commissioner of Public Lands, State Land Onice
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

1

,

### [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.

Vanessa Neal	Vin N.l	Sr Reservoir Engineer	02 May 2022
Print or Type Name	Signature	Title	Date
		vanessa@faenergyus.com	

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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

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A Revised August 1, 2011

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**Oil Conservation Division** 1220 South St. Francis Dr. Santa Fe, New Mexico 87505 APPLICATION TYPE
<u>X</u>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	#015	F-04-23S-36E	LEA			
Lease Well No. Unit Letter-Section-Township-Range		County				
	D ( C 1 2211(2	ADIN 20.025.00254 I T				

OGRID No. <u>329326</u> Property Code <u>331162</u> API No. <u>30-025-09254</u> Lease Type: <u>Federal X</u> State Fee

т

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TANSILL-YATES-7 RVRS		LANGLIE MATTIX; 7 RVRS-Q- GRAYBURG
Pool Code	79240		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2897'-3700'		3700'-3760'
Method of Production (Flowing or Artificial Lift)	ARTIFICAL LIFT		ARTIFICAL 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 API / 1.189 BTU		35 API / 1.189 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.)	Date: SEE Rates: ATTACHED		Date: SEE Rates: ATTACHED
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 0 % 60 %		Oil Gas 100 % 40 %

#### 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:

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 co	omplete to	the best of my knowledge and bel	ief.
SIGNATURE	_TITLE	Sr Reservoir Engineer	DATE <u>02 May 2022</u>
TYPE OR PRINT NAME <u>Vanessa Neal</u>		TELEPHONE NO. (_8	32_) 219-0990

E-MAIL ADDRESS vanessa@faenergyus.com

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

# fae∏operating

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 #015 API: 30-025-09254 [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 3:51:42 PM* 11757 Katy Fwy #725, Houston, TX 77079 (832) 219-0990 vanessa@faenergyus.com

# fae]]operating

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 #015 API: 30-025-09254 [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: F-04-23S-36E 1980 FNL 1980 FWL Lat/Long: 32.3355789,-103.2722473 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 #015** 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

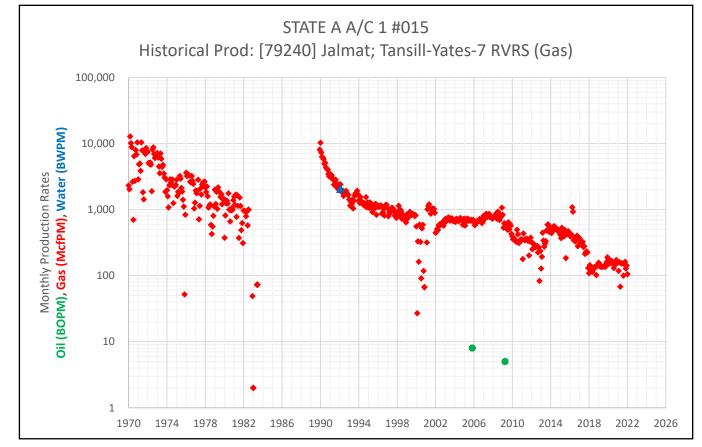
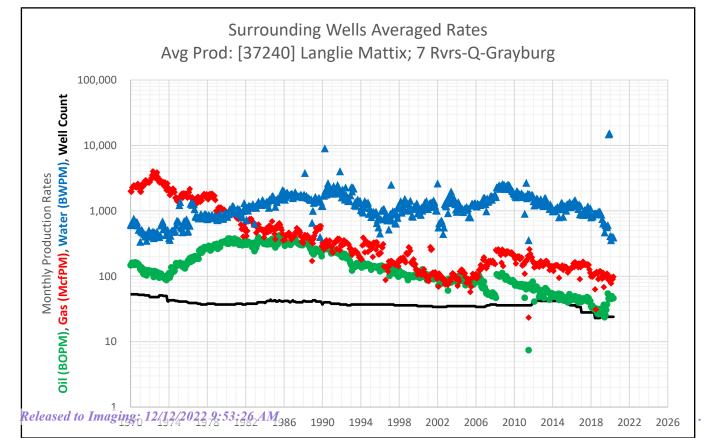


Exhibit B – Average Historical Production of Offset Analog Wells



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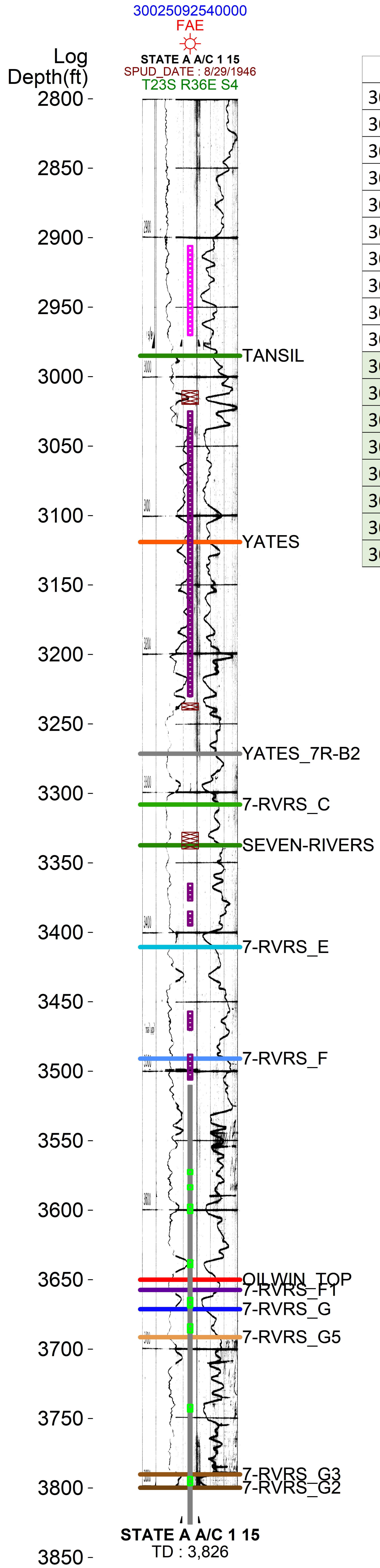
#### Exhibit C – Historical Production from Last 5 Years for Each Pool & Combined Future Forecast

Avg Pro		ng Wells Avera Anglie Mattix;	iged Rates 7 Rvrs-Q-Gray	burg	Historical Pro	od: [79240] J	A/C 1 #015 almat; Tansill- Gas)	Yates-7 RVRS	tes-7 RVRS Synthetic Decline Curve			
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
9/1/2016	40	137	1,069	34	5/1/2016		928		1	36.8	262	1,119
10/1/2016	47	157	1,258	34	6/1/2016		344		2	36.6	262	1,115
11/1/2016	44 45	90 138	889 1 1 9 5	34 34	7/1/2016 8/1/2016		371 329		3	36.4 36.3	261 260	1,112
12/1/2016 1/1/2017	45 41	138	1,185 878	34 28	9/1/2016		329 350		4 5	36.3 36.1	260 260	1,108 1,104
2/1/2017	41	155	917	28	10/1/2016		403		6	35.9	200	1,104
3/1/2017	46	155	867	28	11/1/2016		279		7	35.7	255	1,101
4/1/2017	43	149	900	28	12/1/2016		378		8	35.6	258	1,093
5/1/2017	45	151	1,031	28	1/1/2017		370		9	35.4	257	1,090
6/1/2017	43	150	1,016	28	2/1/2017		307		10	35.2	256	1,086
7/1/2017	44	152	910	28	3/1/2017		324		11	35.1	256	1,083
8/1/2017	48	146	935	28	4/1/2017		312		12	34.9	255	1,079
9/1/2017	41	153	1,175	28	5/1/2017		325		13	34.7	255	1,076
10/1/2017	46	149	870	28	6/1/2017		271		14	34.6	254	1,072
11/1/2017	42	126	927	28	7/1/2017		278		15	34.4	253	1,069
12/1/2017	42	112	1,097	28	8/1/2017		213		16	34.2	253	1,065
1/1/2018 2/1/2018	35 33	99 107	795 840	28 28	9/1/2017 10/1/2017		226 232		17 18	34.1 33.9	252 251	1,062 1,058
3/1/2018	35	99	823	28	10/1/2017		232		18	33.9	251	1,058
4/1/2018	33	103	877	28	12/1/2017		130		20	33.6	251	1,055
5/1/2018	32	109	909	28	1/1/2018		109		21	33.4	249	1,048
6/1/2018	30	63	917	23	2/1/2018		144		22	33.3	249	1,044
7/1/2018	32	31	906	23	3/1/2018		126		23	33.1	248	1,041
8/1/2018	32	117	906	23	4/1/2018		121		24	33.0	248	1,037
9/1/2018	27	109	894	23	5/1/2018		114		25	32.8	247	1,034
10/1/2018	26	90	966	23	6/1/2018		124		26	32.6	246	1,031
11/1/2018	28	115	942	23	7/1/2018		126		27	32.5	246	1,027
12/1/2018	31	120	979	23	8/1/2018		136		28	32.3	245	1,024
1/1/2019 2/1/2019	32 28	119 98	901 877	24 24	9/1/2018 10/1/2018		136 102		29 30	32.2 32.0	245 244	1,020 1,017
3/1/2019	30	98	748	24	11/1/2018		102		30	32.0	244	1,017
4/1/2019	26	113	641	24	12/1/2018		140		32	31.7	243	1,014
5/1/2019	37	68	654	24	1/1/2019		157		33	31.6	242	1,007
6/1/2019	24	97	469	24	2/1/2019		139		34	31.4	242	1,004
7/1/2019	26	105	609	24	3/1/2019		146		35	31.3	241	1,000
8/1/2019	31	99	576	24	4/1/2019		136		36	31.1	240	997
9/1/2019	37	110	560	24	5/1/2019		136		37	31.0	240	994
10/1/2019	54	102	603	24	6/1/2019		-		38	30.8	239	991
11/1/2019	45	87	14,805	24	7/1/2019		137		39	30.7	239	987
12/1/2019	49	93	15,311	24	8/1/2019		140		40	30.5	238	984
1/1/2020 2/1/2020	50 45	97 78	413 356	24 24	9/1/2019 10/1/2019		136 138		41 42	30.4 30.2	237 237	981 978
3/1/2020	45 50	78 96	405	24	10/1/2019		138		42	30.2	237	978 974
4/1/2020	47	90	391	24	12/1/2019		100		43	29.9	230	974
5/1/2020	46	98	393	24	1/1/2020		178		45	29.8	235	968
6/1/2020	36	80	313	24	2/1/2020		152		46	29.7	234	965
7/1/2020	41	83	324	24	3/1/2020		170		47	29.5	234	962
8/1/2020	41	86	457	24	4/1/2020		156		48	29.4	233	959
9/1/2020	34	86	309	24	5/1/2020		168		49	29.2	233	955
10/1/2020	38	79	278	24	6/1/2020		154		50	29.1	232	952
11/1/2020	39	92	270	24	7/1/2020		153		51	29.0	231	949
12/1/2020 1/1/2021	39 43	75 73	278 253	24 24	8/1/2020 9/1/2020		130 152		52 53	28.8 28.7	231 230	946 943
2/1/2021	43 24	73 53	253 161	24	9/1/2020		152		53	28.7	230	943 940
3/1/2021	31	49	209	24	10/1/2020		147		55	28.5	230	940
4/1/2021	34	66	170	24	12/1/2020		162		56	28.3	229	934
5/1/2021	39	128	205	24	1/1/2021		159		57	28.1	228	931
6/1/2021	23	118	159	24	2/1/2021		118		58	28.0	227	928
7/1/2021	28	89	191	28	3/1/2021		160		59	27.9	227	924
8/1/2021	30	123	186	29	4/1/2021		68		60	27.7	226	921
9/1/2021	29	91	201	29	5/1/2021		153					
10/1/2021	21	99	215	29	6/1/2021		153					
11/1/2021	37	83	312	31	7/1/2021							
12/1/2021 Release	ed to Ima	ging: 12/	335 12/2022.9	:53:26 AAI	8/1/2021		100					_
				I	9/1/2021 10/1/2021		149 162					•
2/1/2022	2	53	2	6	10/1/2021		162					

# faeIIoperating

#### Exhibit D – Pool Allocations & Post Workover IP Rates

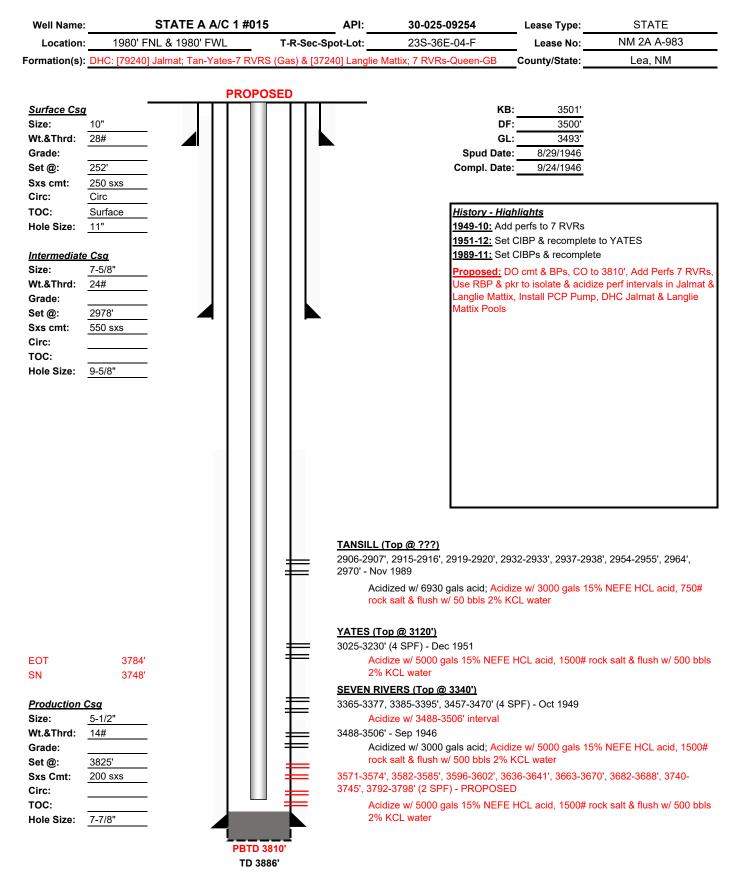
	OIL (bbls)	GAS (Mcf)	WATER (bbls)	POOL
5 yr Cum	2,211	6,266	67,244	
Allocated %	100%	40%	100%	[37240] Langlie Mattix; 7 Rvrs-Q-Grayburg
Daily IP Rate	1.2	3.4	36.8	
5 yr Cum	0	9,475	0	
Allocated %	0%	60%	0%	[79240] Jalmat; Tansill- Yates-7 RVRS (Gas)
Daily IP Rate	0.0	5.2	0.0	
Daily IP Rate	1.2	8.6	36.8	Commingled (Total)



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<b>API 14</b>	SOURCE	STATUS	TOP PERF	<b>BASE PERF</b>	INTERVAL
30025092540000.00	OCD	ACTIVE	2906	2970	
30025092540000.00	OCD	BRIDGEPLUG	3010	3020	
30025092540000.00	OCD	INACTIVE	3025	3230	
30025092540000.00	OCD	BRIDGEPLUG	3235	3240	
30025092540000.00	OCD	BRIDGEPLUG	3328	3340	
30025092540000.00	OCD	INACTIVE	3365	3377	
30025092540000.00	OCD	INACTIVE	3385	3395	
30025092540000.00	OCD	INACTIVE	3457	3470	
30025092540000.00	OCD	INACTIVE	3488	3506	
30025092540000.00	OCD	SQUEEZED	3510	3826	
30025092540000.00	CJH	PROPOSED	3571	3574	3
30025092540000.00	CJH	PROPOSED	3582	3585	3
30025092540000.00	CJH	PROPOSED	3596	3602	6
30025092540000.00	CJH	PROPOSED	3636	3641	5
30025092540000.00	CJH	PROPOSED	3663	3670	7
30025092540000.00	CJH	PROPOSED	3682	3688	6
30025092540000.00	CJH	PROPOSED	3740	3745	5
30025092540000.00	CJH	PROPOSED	3792	3798	6
				SUM	41

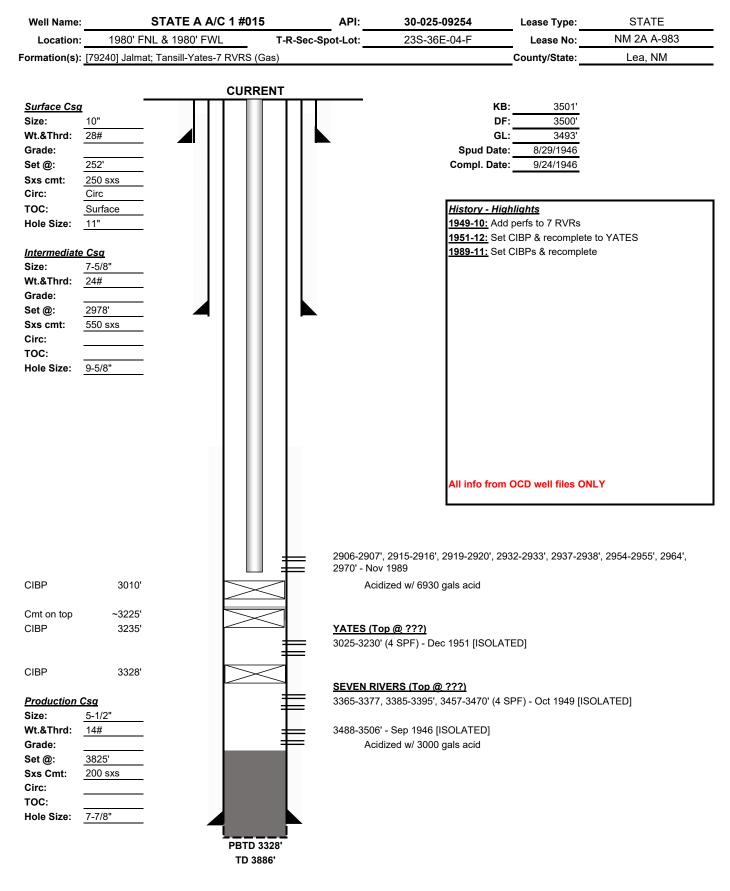
Page 8 of 23



Tubulars - Capacities and Performance	
2-3/8" 4.7# J-55 Tubing (~116 jts 2-3/8" tubing, SN, 4' perf sub, MA w/ bull plug)	

WBD\_STATE A AC 1 #015\_CURRENT\_2022-04-13.xlsx

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Tubulars - Capacities and Performance	
2-3/8" 4.7# EUE Tubing	 

WBD\_STATE A AC 1 #015\_CURRENT\_2022-04-13.xlsx

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

	<sup>1</sup> API Number <sup>2</sup> Pool Code 30-025-09254 79240				<sup>3</sup> Pool Name JALMAT; TANSILL-YATES-7 RVRS (GAS)						
<sup>4</sup> Property C		54	1		Property Name	JALMAT, TA	INSILL-TATES-	. ,	<sup>6</sup> Well Number		
331162					ATE A A/C 1				#015		
<sup>7</sup> OGRID N	_				Operator Name				levation		
329320					OPERATING,	LLC			3493'		
	<sup>10</sup> Surface Location										
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		
F	04	23S 36E			1980	Ν	1980	W	LEA		
			<sup>11</sup> 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		
F	04	23S	36E		1980	Ν	1980	W	LEA		
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint o	Infill <sup>14</sup> Consolidation Code <sup>15</sup> Order No.				-					
160		ſ									

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			<sup>17</sup> 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
	0,		pursuant to a contract with an owner of such a mineral or working interest,
	1980'		or to a voluntary pooling agreement or a compulsory pooling order
			heretofoye entered by the division.
			05/02/2022
			Signature Date
			VANESSA NEAL
			Printed Name
1980'	Ŭ		vanessa@faenergyus.com
		NW/4	E-mail Address
		Sec 04 (160 acres)	
			<sup>18</sup> 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

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

	API Numbe 025-092:			ool Code 7240		<sup>3</sup> Pool Name LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG			
<sup>4</sup> Property C	Code			5	Property Name			<sup>6</sup> We	ll Number
331162	2			ST	ATE A A/C 1			-	#015
<sup>7</sup> OGRID N	No.			8	Operator Name			<sup>9</sup> F	levation
329320	5			FAE II (	OPERATING,	LLC			3493'
	<sup>10</sup> Surface Location								
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
F	04	23S 36E			1980	Ν	1980	W	LEA
			<sup>11</sup> 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
F	04	23S 36E 1980 N 19				1980	W	LEA	
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint o	r Infill   <sup>14</sup> Consolidation Code   <sup>15</sup> Order No.				-	-		
40	, in the second s	ſ	,						

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			<sup>17</sup> 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
	0		pursuant to a contract with an owner of such a mineral or working interest,
	1980'		or to a voluntary pooling agreement or a compulsory pooling order
			heretofore entered by the division.
			05/02/2022
			Signature Date
			VANESSA NEAL
			Printed Name
1980'	Ŭ		vanessa@faenergyus.com
			E-mail Address
			<b>ISURVEYOR CERTIFICATION</b>
		SE/4 NW/4	I hereby certify that the well location shown on this plat
		Sec 04 (40 acres)	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:
			Signature and Sear of Froiessional Surveyor.
			Certificate Number
11			

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

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State of New Mexico Energy, Minerals and Natural Resources Department

Page 13 of 23 Form C-107A

Revised August 1, 2011

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

APPLICATION TYPE <u>X</u>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	#015	F-04-23S-36E	LEA
Lease	Well No.	Unit Letter-Section-Township-Range	County
000 NI 22022(	$\mathbf{D}$ ( $\mathbf{C}$ ) 2211(2)	ADINI 20.025.00254 I	

OGRID No. <u>329326</u> Property Code <u>331162</u> API No. <u>30-025-09254</u> Lease Type: Federal <u>X</u> State \_\_\_\_ Fee

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DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TANSILL-YATES-7 RVRS		LANGLIE MATTIX; 7 RVRS-Q- GRAYBURG
Pool Code	79240		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2906'-3745'		3792'-3798'
Method of Production (Flowing or Artificial Lift)	ARTIFICAL LIFT		ARTIFICAL 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 API / 1.189 BTU		35 API / 1.189 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.)	Date: SEE Rates: ATTACHED		Date: SEE ATTACHED 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 0 % 60 %		Oil Gas 100 % 40 %

#### **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	<u>X</u>	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:

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.

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#### 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 co	omplete to	the best of my knowledge and beli	ef.
SIGNATURE	_TITLE	Sr Reservoir Engineer	DATE <u>28 NOV 2022</u>
TYPE OR PRINT NAME Vanessa Neal		TELEPHONE NO. (_ <u>8</u> .	32_)_219-0990

E-MAIL ADDRESS vanessa@faenergyus.com

fae∐operating

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

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 #015 API: 30-025-09254 [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 8107

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

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From:	McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
То:	Vanessa Neal
Cc:	<u>McClure, Dean, EMNRD; Kautz, Paul, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD;</u> lisa@rwbyram.com; Dawson, Scott
Subject:	Approved Administrative Order DHC-5239
Date:	Monday, December 12, 2022 9:42:21 AM
Attachments:	DHC5239 Order.pdf

NMOCD has issued Administrative Order DHC-5239 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

#### Well Name: State A A/C 1 #15 Well API: 30-025-09254

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: K	autz, Paul, EMNRD
То: 🔰	<u>'anessa Neal; McClure, Dean, EMNRD</u>
Subject: R	E: [EXTERNAL] RE: downhole commingling application DHC-5239
Date: M	1onday, November 28, 2022 10:16:48 AM
Attachments: ir	mage001.png

The closest logs I have with the top of the top of the Queen are at least 3 miles east and another one 2 miles northeast of this well. Based on the thickness of the Yates and Seven Rivers the estimated depth of 3849 is close.

Paul Kautz Petroleum Specialist Hobbs Field Office Geologist Energy Minerals Natural Resources Dept. Oil Conservation Division 1625 N. French Dr. Hobbs, NM 88240 Cell # 575-602-4493

From: Vanessa Neal <vanessa@faenergyus.com>
Sent: Monday, November 28, 2022 9:25 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Cc: Kautz, Paul, EMNRD <paul.kautz@emnrd.nm.gov>
Subject: RE: [EXTERNAL] RE: downhole commingling application DHC-5239

Hi Dean,

Correction for the Queen top - Estimated top of the Queen formation is 3849'.

Visible Queen formation tops only exist to the east of this well, and it is close to the Queen shelf edge. We've refined our maps in this area, and now believe the Queen formation top to be -349' sstvd, or 3849' MD.

I've attached an amended C-107A, the previously submitted WBD is correct.

Thank you, Vanessa Neal |Sr Reservoir Engineer

forty acres energy

O <u>832.219.0990 (ext 165)</u>

C <u>979.255.3476</u>

From: McClure, Dean, EMNRD <<u>Dean.McClure@emnrd.nm.gov</u>>
Sent: Friday, November 18, 2022 11:47 AM
To: Vanessa Neal <<u>vanessa@faenergyus.com</u>>
Cc: Kautz, Paul, EMNRD <<u>paul.kautz@emnrd.nm.gov</u>>

Subject: RE: [EXTERNAL] RE: downhole commingling application DHC-5239

Vanessa,

Have you been in contact with Paul regarding whether your proposed perforations include the Langlie Mattix rather than being contained entirely within the Jalmat?

Additionally, upon a second look at the application, it appears that I need either an amended form C-107A or an amended proposed WBD as the C-107A indicates the bottom perf to be at 3760 and the proposed WBD indicates the bottom perf to be at 3798

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

From: Vanessa Neal <<u>vanessa@faenergyus.com</u>>
Sent: Friday, November 18, 2022 10:29 AM
To: McClure, Dean, EMNRD <<u>Dean.McClure@emnrd.nm.gov</u>>
Subject: [EXTERNAL] RE: downhole commingling application DHC-5239

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

Estimated top of the Queen formation is 3900'.

Vanessa Neal |Sr Reservoir Engineer

forty acres energy

O 832.219.0990 (ext 165)

C <u>979.255.3476</u>

From: McClure, Dean, EMNRD <<u>Dean.McClure@emnrd.nm.gov</u>>
Sent: Friday, November 18, 2022 10:29 AM
To: Vanessa Neal <<u>vanessa@faenergyus.com</u>>
Subject: downhole commingling application DHC-5239

Ms. Neal,

I am reviewing downhole commingling application DHC-5239 which involves the commingling of 2 pools within the State A A/C 1 #15 (30-025-09254) and is operated by FAE II Operating, LLC (329326).

Please confirm the estimated top of the Queen formation for this well.

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

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#### STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

### APPLICATION FOR DOWNHOLE COMMINGLINGSUBMITTED BY FAE II OPERATING, LLCORDER NO. DHC-5239

#### <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-5239

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: 12/08/2022

ADRIENNE E. SANDOVAL DIRECTOR

Order No. DHC-5239

	Exhibit A		
	Order: DHC-5239		
	<b>Operator: FAE II Operating, I</b>	LC (329326)	
	Well Name: State A A/C 1 #15		
	Well API: 30-025-09254		
	Pool Name: JALMAT;TAN-YAT	ES-7 RVRS (GAS)	
Upper Zone	Pool ID: 79240	Current: X	New:
Opper Zolle	Allocation: Fixed Percent	Oil: 0%	Gas: 60%
	Interval: Perforations	Top: 2,906	Bottom: 3,745
	Pool Name:		
Intermediate Zone	Pool ID:	Current:	New:
	Allocation:	Oil:	Gas:
	Interval:	Тор:	Bottom:
Bottom of Inter	val within 150% of Upper Zone's To	op of Interval:	
	Pool Name: LANGLIE MATTIX;	7 RVRS-Q-GRAYBURG	
Lower Zone	Pool ID: 37240	Current:	New: X
	Allocation: Fixed Percent	Oil: 100%	Gas: 40%
	Interval: Perforations	Top: 3,792	Bottom: 3,798
Bottom of Inter	val within 150% of Upper Zone's To	op of Interval: YES	
Top of O	leen Formation: 3,849		

#### 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	104754
	Action Type:
	[C-107] Down Hole Commingle (C-107A)

CONDITIONS		
Created By	Condition	Condition Date
dmcclure	Please review the content of the Administrative Order and approved request(s) 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.	12/12/2022

CONDITIONS

Action 104754