

Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

DHC-5257

WELL API NO. 30-025-33497
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name E C HILL B FEDERAL
8. Well Number #022
9. OGRID Number 329326
10. Pool name or Wildcat [58300] Teague; Paddock-Blinebry [33600] Imperial; Tubb-Drinkard

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
FAE II Operating LLC

3. Address of Operator
11757 Katy Freeway, Suite 725, Houston, TX 77079

4. Well Location
Unit Letter A : 1220 feet from the NORTH line and 980 feet from the EAST line
Section 34 Township 23S Range 37E NMPM LEA County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
2982

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input checked="" type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.


Proposed: MIRU. Pull rods & pump. Tag btm w/ tbg to determine if RBPs were left in hole from previous workovers. POOH w/ tbg. If present, pull RBPs. RIH w/ 4-3/4" bit. Clean out to PBSD @ 5910'. Deepen to 6080'. Circulate hole clean. Add perfs in TUBB 5890-5977'. Acidize TUBB open hole w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt & flush w/ 35 bbls 2% KCL wtr. Acidize TUBB perfs w/ 3000 gals 15% NEFE HCL acid, 1000# rock salt & flush w/ 35 bbls 2% KCL wtr. TIH w/ production string. RIH w/ pump & rods. RDMO. RTP & DHC pre-approved pools [58300] Teague; Paddock-Blinebry & [33600] Imperial; Tubb-Drinkard.

[58300] Teague; Paddock-Blinebry 28 % Oil, 75 % Gas
[33600] Imperial; Tubb-Drinkard 72 % Oil, 25 % Gas

DHC will not reduce value. The interest owners are the same across both pools.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE Sr Reservoir Engineer DATE 28 JUL 2022

Type or print name Vanessa Neal E-mail address: vanessa@faenergyus.com PHONE: (832) 219-0990

For State Use Only

APPROVED BY: Dean R McClure TITLE Petroleum Engineer DATE 01/13/2013

Conditions of Approval (if any):

CONDITIONS OF APPROVAL

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 Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator 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 Permit shall terminate on the date of such action.

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 the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.

If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

Well Name: E C HILL B FEDERAL #022 Lease No: NMLC-064118 Lease Type: Federal
 Township: 23-S Range: 37-E Sec: 34-A Location: 1220' FNL & 980' FEL
 County: Lea State: NM API: 30-025-33497 Formation: DHC: [58300] Teague; Paddock-Blinebry, [33600] Imperial; Tubb-Drinkard

PROPOSED

Surface Csg
 Size: 8-5/8"
 Wt.&Thrd: 24#
 Grade: J-55 ST&C
 Set @: 1183'
 Sxs cmt: 630 sxs
 Circ: 80 sxs
 TOC: Surface
 Hole Size: 12-1/4"

KB: 3279'
 DF: 3278'
 GL: 3267'
 Spud Date: 9/7/1996
 Compl. Date: 10/6/1996

History - Highlights
1996-10: Tag btm 5910'; Lwr BLINEBRY perfed & fraced, RBP set above to isolate; Upr BLINEBRY perfed & fraced; unsure if RBP was left in hole
2004-11: Clean out to 5548'; Stimulate Upr BLINEBRY, set RBP; Perf & acidize PADDOCK; unsure if RBPs were left in the hole
Proposed: Pull RBPs, Clean out to PBTB @ 5910'; Use 4-3/4" bit to Deepen ~100', Add perms & acidize TUBB perms & open hole, DHC pre-approved pools

QUEEN (Top @ 3278')
PENROSE (Top @ 3390')

SAN ANDRES (Top @ 3787')

GLORIETA (Top @ 4917')

PADDOCK (Top @ 5088')
 5128-5138', 5140-5142', 5148-5152' (4 SPF) - Nov 2004
 Acidized w/ 2500 gals 15% acid w/ 120 ball sealers & flush w/ 35 bbls 2% KCL v

BLINEBRY (Top @ 5250')
 5256-5279', 5307-5387', 5406-5410' (3 JSPF, 117 holes) - Oct 1996 [ISOLATED]
 Acidized w/ 6000 gals 15% NEFE HCL acid w/ 180 ball sealers; Frac w/ 103,446 gals & 182,000# 16/30 Ottawa sand; Stimulate w/ 220 gals S-262 w/ 40 bbls fresh wtr, 1000# rock salt, & flush w/ 300 bbls fresh wtr
 5574-5588', 5604-5699', 5700-5781' (3 JSPF, 87 holes) - Oct 1996 [ISOLATED]
 Acidized w/ 6000 gals 15% NEFE HCL acid w/ 180 ball sealers; Frac w/ 47,500 gals & 82,411# 16/30 Ottawa sand

TUBB (Top @ 5887')
 5890-5900', 5910-5913', 5920-5923', 5927-5930', 5947-5953', 5964-5966', 5972-5977' (2 SPF) - Proposed
 Acidize w/ 3000 gals 15% NEFE HCL acid, 1000# rock salt & flush w/ 35 bbls 2% KCL wtr
 5980-6080' Open Hole - Proposed
 Acidize w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt & flush w/ 35 bbls 2% KCL wtr

TAC 4837'
 SN 5055'
 EOT 5091'

Production Csg
 Size: 5-1/2"
 Wt.&Thrd: 14-15.5#
 Grade: K-55
 Set @: 5980'
 Sxs Cmt: 1765 sxs
 Circ: 290 sxs
 TOC: Surface
 Hole Size: 7-7/8"

Open Hole
 Size: 4-3/4"
 Down to: 6080'

PBTB 6080'
TD 6080'

Tubulars - Capacities and Performance	
2-3/8" 4.7# J-55 EUE 8rd Tubing (175 jts 2-3/8" tbg, TAC, 10 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug)	

Well Name: E C HILL B FEDERAL #022 Lease No: NMLC-064118 Lease Type: Federal
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 County: Lea State: NM API: 30-025-33497 Formation: [58300] Teague; Paddock-Blinebry

CURRENT

Surface Csg
 Size: 8-5/8"
 Wt.&Thrd: 24#
 Grade: J-55 ST&C
 Set @: 1183'
 Sxs cmt: 630 sxs
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 TOC: Surface
 Hole Size: 12-1/4"

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History - Highlights
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 All info from OCD well files ONLY

QUEEN (Top @ 3278')

PENROSE (Top @ 3390')

SAN ANDRES (Top @ 3787')

TAC 4837'
 SN 5055'
 EOT 5091'

GLORIETA (Top @ 4917')

PADDOCK (Top @ 5088')

5128-5138', 5140-5142', 5148-5152' (4 SPF) - Nov 2004
 Acidized w/ 2500 gals 15% acid w/ 120 ball sealers & flush w/ 35 bbls 2% KCL v

RBP 5204'
 RBP 5520'

BLINEBRY (Top @ 5250')

5256-5279', 5307-5387', 5406-5410' (3 JSPF, 117 holes) - Oct 1996 [ISOLATED]
 Acidized w/ 6000 gals 15% NEFE HCL acid w/ 180 ball sealers; Frac w/ 103,446 gals & 182,000# 16/30 Ottawa sand; Stimulate w/ 220 gals S-262 w/ 40 bbls fresh wtr, 1000# rock salt, & flush w/ 300 bbls fresh wtr

Production Csg
 Size: 5-1/2"
 Wt.&Thrd: 14-15.5#
 Grade: K-55
 Set @: 5980'
 Sxs Cmt: 1765 sxs
 Circ: 290 sxs
 TOC: Surface
 Hole Size: 7-7/8"

5574-5588', 5604-5699', 5700-5781' (3 JSPF, 87 holes) - Oct 1996 [ISOLATED]
 Acidized w/ 6000 gals 15% NEFE HCL acid w/ 180 ball sealers; Frac w/ 47,500 gals & 82,411# 16/30 Ottawa sand

TUBB (Top @ 5887')

PBTD 5204'
 TD 5980'

Tubulars - Capacities and Performance	
2-3/8" Tubing (156 jts 2-3/8" tbg, TAC, 7 jts 2-3/8" tbg, SN, 4' perf sub, MA)	
37.9 deg API	

Form 3160-5
(June 2019)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2021

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2		5. Lease Serial No.
1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
2. Name of Operator		7. If Unit of CA/Agreement, Name and/or No.
3a. Address		8. Well Name and No.
3b. Phone No. (include area code)		9. API Well No.
4. Location of Well (Footage, Sec., T.,R.,M., or Survey Description)		10. Field and Pool or Exploratory Area
		11. Country or Parish, State

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)	Title
Signature	Date

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
	Office	

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13: Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment. If the proposal will involve **hydraulic fracturing operations**, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

NOTICES

The privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c) and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

Additional Information

Location of Well

0. SHL: NENE / 1220 FNL / 980 FEL / TWSP: 23S / RANGE: 37E / SECTION: 34 / LAT: 0.0 / LONG: 0.0 (TVD: 0 feet, MD: 0 feet)

BHL: NENE / 1220 FNL / 980 FEL / TWSP: 23S / SECTION: / LAT: 0.0 / LONG: 0.0 (TVD: 0 feet, MD: 0 feet)

August 30, 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: E C Hill B Federal #022
API: 30-025-33497
[58300] Teague; Paddock-Blinebry
[33600] Imperial; Tubb-Drinkard

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: A-34-23S-37E 1220 FNL 980 FEL
Lat/Long: 32.2647171,-103.145401 NAD83

The well is currently producing from the **[58300] Teague; Paddock-Blinebry** pool; Exhibit A shows the well's historical production from this pool. It is proposed to downhole commingle this pool with the **[33600] Imperial; Tubb-Drinkard** 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 **E C Hill B Federal #022** 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

Exhibit A – Historical Production of Current Pool

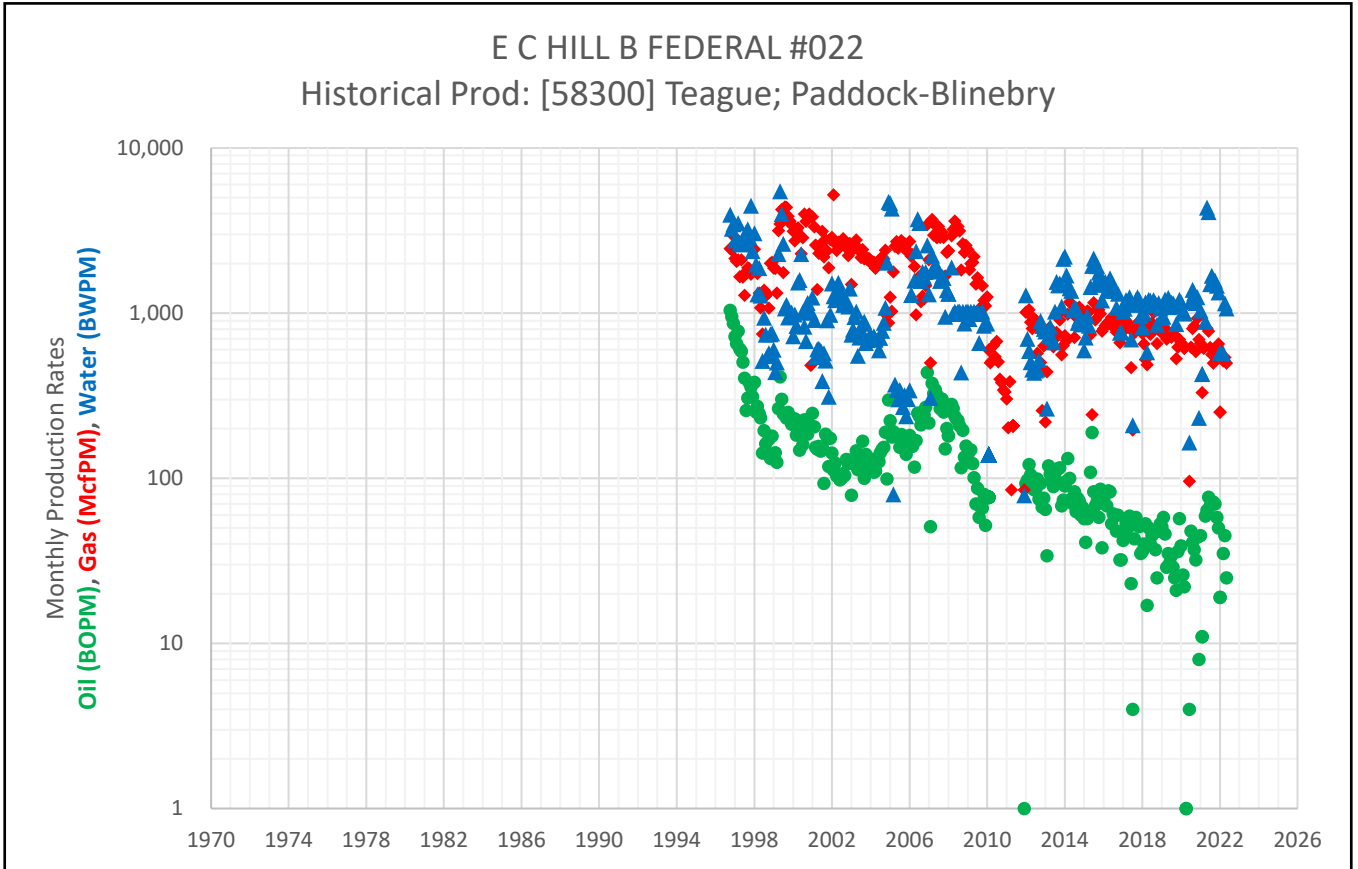


Exhibit B – Average Historical Production of Offset Analog Wells

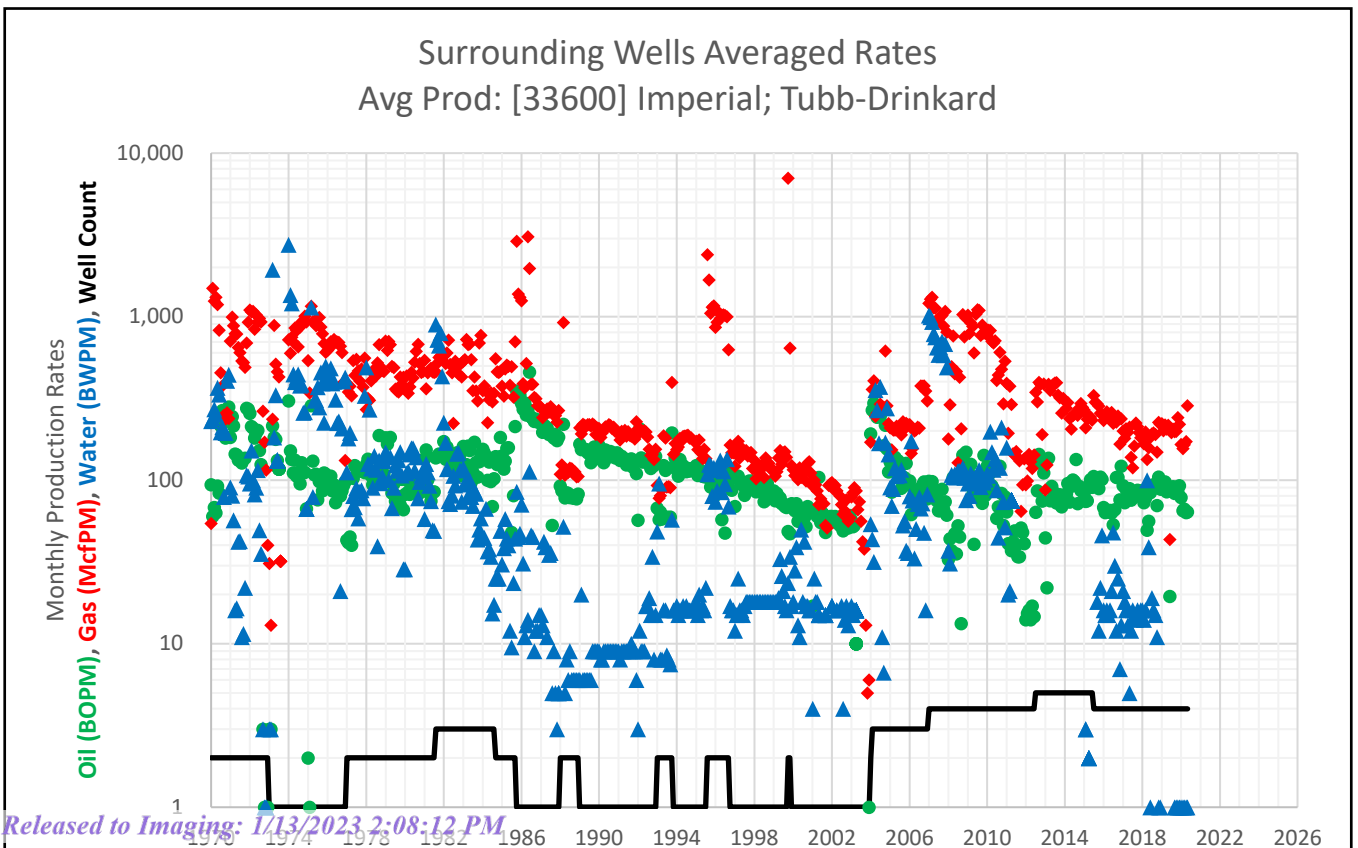


Exhibit C – Historical Production from Last 5 Years for Each Pool & Combined Future Forecast

Surrounding Wells Averaged Rates				
Avg Prod: Eunice Monument; Grayburg-San Andres				
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count
7/1/2015	92	91	973	21
8/1/2015	85	87	962	21
9/1/2015	88	78	944	21
10/1/2015	90	75	952	21
11/1/2015	75	66	729	21
12/1/2015	60	59	453	21
1/1/2016	73	34	396	21
2/1/2016	104	69	654	21
3/1/2016	112	83	796	21
4/1/2016	108	109	797	21
5/1/2016	90	102	694	21
6/1/2016	154	637	896	21
7/1/2016	132	645	907	21
8/1/2016	130	392	837	21
9/1/2016	130	385	712	21
10/1/2016	125	365	873	21
11/1/2016	120	309	697	21
12/1/2016	100	283	605	21
1/1/2017	108	251	594	21
2/1/2017	99	216	1,094	21
3/1/2017	109	271	992	21
4/1/2017	115	207	929	21
5/1/2017	108	174	964	21
6/1/2017	96	169	855	21
7/1/2017	111	217	984	21
8/1/2017	99	174	943	21
9/1/2017	103	182	851	21
10/1/2017	110	194	826	21
11/1/2017	105	174	809	20
12/1/2017	99	201	483	20
1/1/2018	71	182	405	20
2/1/2018	86	145	471	20
3/1/2018	113	185	814	20
4/1/2018	107	153	825	20
5/1/2018	104	112	842	20
6/1/2018	118	134	922	20
7/1/2018	98	152	921	20
8/1/2018	101	101	970	20
9/1/2018	92	108	739	20
10/1/2018	126	186	1,096	20
11/1/2018	93	172	776	20
12/1/2018	88	155	571	20
1/1/2019	89	144	809	20
2/1/2019	95	138	864	20
3/1/2019	102	150	855	20
4/1/2019	119	166	1,129	20
5/1/2019	94	142	945	20
6/1/2019	102	138	1,083	20
7/1/2019	125	122	1,163	20
8/1/2019	121	145	1,119	20
9/1/2019	96	120	1,061	20
10/1/2019	94	118	985	20
11/1/2019	82	114	848	20
12/1/2019	84	86	946	20
1/1/2020	73	102	903	20
2/1/2020	64	105	864	20
3/1/2020	98	119	1,342	20
4/1/2020	96	119	1,021	20
5/1/2020	65	114	640	19
6/1/2020	79	122	782	19
7/1/2020	63	127	809	19
8/1/2020	91	127	1,042	19
9/1/2020	84	122	953	19
10/1/2020	75	109	1,078	19
11/1/2020	80	106	906	19
12/1/2020	37	61	421	19

STATE I COM #002			
Historical Prod: Eumont; Yates-Seven Rivers-			
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
7/1/2015			204
8/1/2015			24
9/1/2015			21
10/1/2015			19
11/1/2015			29
12/1/2015			36
1/1/2016			30
2/1/2016			72
3/1/2016			71
4/1/2016			28
5/1/2016			59
6/1/2016			65
7/1/2016			62
8/1/2016			60
9/1/2016			46
10/1/2016			15
11/1/2016			13
12/1/2016			12
1/1/2017			-
2/1/2017			29
3/1/2017			16
4/1/2017			234
5/1/2017			131
6/1/2017			137
7/1/2017			271
8/1/2017			271
9/1/2017			233
10/1/2017			230
11/1/2017			227
12/1/2017			297
1/1/2018			373
2/1/2018			742
3/1/2018			401
4/1/2018			554
5/1/2018			181
6/1/2018			312
7/1/2018			16
8/1/2018			8
9/1/2018			4
10/1/2018			3
11/1/2018			7
12/1/2018			22
1/1/2019			21
2/1/2019			15
3/1/2019			9
4/1/2019			9
5/1/2019			6/1/2019
6/1/2019			7/1/2019
7/1/2019			8/1/2019
8/1/2019			9/1/2019
9/1/2019			10/1/2019
10/1/2019			11/1/2019
11/1/2019			12/1/2019
1/1/2020			1/1/2020
2/1/2020			2/1/2020
3/1/2020			3/1/2020
4/1/2020			4/1/2020
5/1/2020			5/1/2020
6/1/2020			6/1/2020
7/1/2020			7/1/2020
8/1/2020			8/1/2020
9/1/2020			9/1/2020
10/1/2020			10/1/2020
11/1/2020			11/1/2020
12/1/2020			12/1/2020

Synthetic Decline Curve			
Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1	450.3	1,689	2,448
2	448.1	1,685	2,440
3	446.0	1,681	2,432
4	443.8	1,677	2,424
5	441.7	1,673	2,416
6	439.6	1,668	2,408
7	437.5	1,664	2,400
8	435.4	1,660	2,392
9	433.3	1,656	2,384
10	431.2	1,652	2,376
11	429.2	1,648	2,368
12	427.1	1,643	2,361
13	425.1	1,639	2,353
14	423.1	1,635	2,345
15	421.0	1,631	2,337
16	419.0	1,627	2,330
17	417.0	1,623	2,322
18	415.0	1,619	2,314
19	413.0	1,615	2,307
20	411.1	1,611	2,299
21	409.1	1,607	2,292
22	407.1	1,603	2,284
23	405.2	1,599	2,277
24	403.3	1,595	2,269
25	401.3	1,591	2,262
26	399.4	1,587	2,254
27	397.5	1,583	2,247
28	395.6	1,579	2,239
29	393.7	1,575	2,232
30	391.8	1,571	2,225
31	390.0	1,567	2,217
32	388.1	1,563	2,210
33	386.2	1,559	2,203
34	384.4	1,556	2,196
35	382.6	1,552	2,188
36	380.7	1,548	2,181
37	378.9	1,544	2,174
38	377.1	1,540	2,167
39	375.3	1,536	2,160
40	373.5	1,532	2,153
41	371.7	1,529	2,146
42	369.9	1,525	2,139
43	368.2	1,521	2,132
44	366.4	1,517	2,125
45	364.7	1,513	2,118
46	362.9	1,510	2,111
47	361.2	1,506	2,104
48	359.5	1,502	2,097
49	357.7	1,498	2,090
50	356.0	1,495	2,083
51	354.3	1,491	2,076
52	352.6	1,487	2,069
53	350.9	1,483	2,063
54	349.3	1,480	2,056
55	347.6	1,476	2,049
56	345.9	1,472	2,042
57	344.3	1,469	2,036
58	342.6	1,465	2,029
59	341.0	1,461	2,022
60	339.4	1,458	2,016

Exhibit D – Pool Allocations & Post Workover IP Rates

	OIL (bbls)	GAS (Mcf)	WATER (bbls)	POOL
5 yr Cum	5,888	12,360	4,273	[33600] Imperial; Tubb-Drinkard
Allocated %	72%	25%	6%	
Daily IP Rate	3.2	6.8	2.3	
5 yr Cum	2,281	37,429	65,352	[58300] Teague; Paddock-Blinebry
Allocated %	28%	75%	94%	
Daily IP Rate	1.3	20.5	35.8	
Daily IP Rate	4.5	27.3	38.2	Commingled (Total)

From: [Vanessa Neal](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXTERNAL] RE: downhole commingling application DHC-5257
Date: Tuesday, January 3, 2023 12:47:51 PM
Attachments: [image001.png](#)
[C-102 Plat E C HILL B FEDERAL #022 TEAGUE; PADDOCK- BLINEBRY 2022-02-09.pdf](#)
[C-102 Plat E C HILL B FEDERAL #022 IMPERIAL; TUBB-DRINKARD 2022-02-09.pdf](#)
[Project Letter E C Hill B Federal #022 2022-08-30.pdf](#)

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

Mr. McClure,

Please find the attached supplemental documents requested in your previous email for DHC-5257 for the E C Hill B Federal #22 (30-025-33497).

Thank you,

Vanessa Neal | Sr Reservoir Engineer

forty acres energy

O [832.219.0990 \(ext 165\)](tel:832.219.0990)

C [979.255.3476](tel:979.255.3476)

From: McClure, Dean, EMNRD <Dean.McClure@emnrn.dnm.gov>
Sent: Tuesday, December 27, 2022 9:51 AM
To: Vanessa Neal <vanessa@faenergyus.com>
Subject: downhole commingling application DHC-5257

Ms. Neal,

I am reviewing downhole commingling application DHC-5257 which involves the commingling of pools within the E C Hill B Federal #22 (30-025-33497) and is operated by FAE II Operating, LLC (329326).

Please provide the following:

- A C-102 for each pool
- Supporting data for how the fixed percentage was determined

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

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 129644

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 129644
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	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 Permit to become inaccurate, then no later than sixty (60) days after that event, the Operator 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 Permit shall terminate on the date of such action.	1/13/2023
dmcclure	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 the Operator shall submit a new downhole commingling application to OCD to amend this Permit to remove the pool that caused the decrease in value. If the Operator fails to submit a new application, this Permit shall terminate on the following day, and if OCD denies the application, this Permit shall terminate on the date of such action.	1/13/2023
dmcclure	If a completed interval of the Well is altered from what is submitted within this application, then no later than sixty (60) days after the alteration, the Operator shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.	1/13/2023