DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.	
		A	BOVE THIS LINE FOR DIVISION USE (	ONLY		
	NEW 12	MEXICO OIL C - Engine 20 South St. Franci	CONSERVATION eering Bureau - s Drive, Santa Fe, Ni	M DIVISION		
	ADM	INISTRATI		<b>FION CHE</b>	CKLIST	
THIS CHEC	CKLIST IS MANDATOF	Y FOR ALL ADMINISTR	ATIVE APPLICATIONS FO	OR EXCEPTIONS TO	DIVISION RULES AND REG	ULATIONS
ני	DHC-Downhole C [PC-Pool Com [WFX-W [S EOR-Qualified E	ommingling] [C mingling] [OLS /aterflood Expansi WD-Salt Water Dis nhanced Oil Recov	FB-Lease Commingl Off-Lease Storage ion] [PMX-Pressu posal] [IPI-Injecti rery Certification]	ling] [PLC-Poo   [OLM-Off-Le re Maintenance on Pressure Inc [PPR-Positive	ol/Lease Commingling ase Measurement] Expansion] erease] Production Response	]
[1] <b>TYF</b>	PE OF APPLICA [A] Locat	ATION - Check Th tion - Spacing Unit NSL D NSP	ose Which Apply fo - Simultaneous Ded SD	r [A] ication		
	Check One O [B] Comi [] I	nly for [B] or [C] ningling - Storage DHC 🔲 CTB	- Measurement	OLS	] OLM	
	[C] Inject	tion - Disposal - Pr WFX 🔲 PMX	essure Increase - Enh	hanced Oil Reco	very PPR	
	[D] Other	:: Specify				
[2] <b>NO</b>	[A]	EQUIRED TO: - ( Working, Royalty c	Check Those Which or Overriding Royalt	Apply, or □ Doo y Interest Owner	es Not Apply rs	
	[B]	Offset Operators, L	easeholders or Surfa	ce Owner		
	[C]	Application is One	Which Requires Pub	olished Legal No	tice	
	[D]	Notification and/or	Concurrent Approva	al by BLM or SL	.0	
		For all of the above	Droof of Natifiaatie	on or Publication	is Attached and/or	

- [F] Waivers are Attached

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

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

 Vn	N.M	P
Signature		8

1

Sr Reservoir Engineer	27 Aug 2022
Title	Date

vanessa@faenergyus.com

e-mail Address

Released to Imaging: 6/15/2023 3:39:20 PM

#### Received by OCD: 8/30/2022 3:37:51 PM

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

**Oil Conservation Division** 1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Revised August 1, 2011 APPLICATION TYPE X\_Single Well Establish Pre-Approved Pools EXISTING WELLBORE

#### APPLICATION FOR DOWNHOLE COMMINGLING

<u>X</u> Yes No

#### FAE II Operating LLC

Operator

11757 Katy Freeway, Suite 725 Houston, TX 77079 Address

STATE A A/C 1		#0	55		LEA					
Lease		Well No. Unit Letter-Section-Township-Range		nge County						
OGRID No. <u>32</u>	<u>9326</u> Proper	ty Code_	<u>331162</u>	API No	30-025-09293	_ Lease Type: _	Federal	X	State	Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TANSILL-YATES-7 RVRS		LANGLIE MATTIX; 7 RVRS-QUEEN- GRAYBURG
Pool Code	79240		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3049'-3628'		3648'-3790'
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 %   31 %		Oil   Gas     100 %   69 %

#### **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.

#### 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 and belief.								
SIGNATURE	_TITLE	Sr Reservoir Engineer	_DATE29 Aug 2022					
TYPE OR PRINT NAME Vanessa Neal TELEPHONE NO. ( <u>832</u> ) <u>219-0990</u>								

E-MAIL ADDRESS vanessa@faenergyus.com

#### Page 2 of 19 Form C-107A

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

## faeIIoperating

August 22, 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 #055 API: 30-025-09293 [79240] Jalmat; Tansill-Yates-7 RVRS (Gas) [37240] Langlie Mattix; 7 RVRs-Queen-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 LL C *Received by OCD: 8/30/2022 3:37:51 PM* 11757 Katy Fwy #725, Houston, TX 77079 (832) 219-0990 vanessa@faenergyus.com

### fae]]operating

August 28, 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 #055 API: 30-025-09293 [79240] Jalmat; Tansill-Yates-7 RVRs (Gas) [37240] Langlie Mattix; 7 RVRs-Queen-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: E-10-23S-36E 1980 FNL 660 FWL Lat/Long: 32.3208389, -103.2593613 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-Queen-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 #055** 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,

Vin N.M

Vanessa Neal Sr Reservoir Engineer *Released to Imaging: 6/15/2023 3:39:20 PM* 

### faeIIoperating

#### Exhibit A – Historical Production of Current Pool



Exhibit B – Average Historical Production of Offset Analog Wells



# faeIIoperating

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

	Surroundin	g Wells Avera	ged Rates		STATE A A/C 1 #055				Synthetic Decline Curve			
Avg Pro	od: [37240] La	anglie Mattix;	7 RVRs-Q-Grav	yburg	Historical Pro	od: [79240] J	almat; Tansill-	Yates-7 RVRs		Synthetic D	ecline Curve	
_	Avg Oil	Avg Gas	Avg Water		_	Avg Oil	Avg Gas	Avg Water		Avg Oil	Avg Gas	Avg Water
Date	(BOPM)	(McfPM)	(BWPM)	Well Count	Date	(BOPM)	(McfPM)	(BWPM)	Month	(BOPM)	(McfPM)	(BWPM)
1/1/2017	43	162	930	17	3/1/2005		187	1,922	1	51.4	528	1,396
2/1/2017	47	158	1,247	17	4/1/2005		121	-	2	51.1	527	1,391
3/1/2017	51	185	1,215	17	5/1/2005		146	155	3	50.9	526	1,386
4/1/2017	46	164	1,254	17	6/1/2005		214	120	4	50.6	524	1,382
5/1/2017	45	168	1,332	17	7/1/2005		216	124	5	50.4	523	1,377
6/1/2017	41	158	1,224	17	8/1/2005		218		6	50.2	522	1,373
7/1/2017	53	165	1,162	17	9/1/2005		60		7	49.9	520	1,368
8/1/2017	72	261	1,237	17	10/1/2005		144		8	49.7	519	1,364
9/1/2017	42	201	1,750	17	11/1/2005		149		9	49.4	518	1,359
10/1/2017	46	281	942	17	12/1/2005		123		10	49.2	516	1,355
11/1/2017	43	437	1,110	17	1/1/2006		122		11	49.0	515	1,350
12/1/2017	43	282	1,523	17	2/1/2006		114		12	48.7	514	1,346
1/1/2018	32	405	779	17	3/1/2006		60		13	48.5	513	1,342
2/1/2018	33	413	1,046	16	4/1/2006				14	48.3	511	1,337
3/1/2018	36	441	1,076	16	5/1/2006				15	48.0	510	1,333
4/1/2018	39	414	1,132	16	6/1/2006				16	47.8	509	1,328
5/1/2018	34	517	1,161	16	7/1/2006				17	47.6	508	1,324
6/1/2018	35	512	1,340	15	8/1/2006				18	47.4	506	1,320
7/1/2018	36	504	1,329	15	9/1/2006				19	47.1	505	1,315
8/1/2018	36	529	1,315	15	10/1/2006				20	46.9	504	1,311
9/1/2018	25	500	1,236	15	11/1/2006				21	46.7	502	1,307
10/1/2018	28	396	1,430	14	12/1/2006				22	46.5	501	1,302
11/1/2018	28	537	1,312	14	1/1/2007		-	-	23	46.2	500	1,298
12/1/2018	32	490	1,375	14	2/1/2007		-	-	24	46.0	499	1,294
1/1/2019	30	479	1,203	15	3/1/2007		-	-	25	45.8	497	1,290
2/1/2019	26	427	1,056	15	4/1/2007		-	-	26	45.6	496	1,285
3/1/2019	28	478	1,001	15	5/1/2007		-	-	27	45.4	495	1,281
4/1/2019	31	479	818	15	6/1/2007		16	30	28	45.1	494	1,277
5/1/2019	67	322	851	15	7/1/2007		150	62	29	44.9	493	1,273
6/1/2019	29	229	374	15	8/1/2007		76	-	30	44.7	491	1,269
7/1/2019	55	443	729	15	9/1/2007		121	-	31	44.5	490	1,264
8/1/2019	57	433	648	15	10/1/2007		82	-	32	44.3	489	1,260
9/1/2019	62	413	636	15	11/1/2007		-	50	33	44.1	488	1,256
10/1/2019	90	446	730	15	12/1/2007		99	60	34	43.9	486	1,252
11/1/2019	88	417	13,152	15	1/1/2008		114	46	35	43.6	485	1,248
12/1/2019	94	444	13,626	15	2/1/2008		211	33	36	43.4	484	1,244
1/1/2020	64	432	514	15	3/1/2008		190	61	37	43.2	483	1,240
2/1/2020	53	270	426	15	4/1/2008		173	59	38	43.0	482	1,236
3/1/2020	65	310	506	15	5/1/2008		173	57	39	42.8	480	1,232
4/1/2020	85	318	715	15	6/1/2008		136	59	40	42.6	479	1,227
5/1/2020	85	509	719	15	7/1/2008		108	41	41	42.4	478	1,223
6/1/2020	68	474	585	15	8/1/2008		125	-	42	42.2	477	1,219
7/1/2020	77	501	590	15	9/1/2008		125	61	43	42.0	476	1,215
8/1/2020	77	445	765	15	10/1/2008		141	91	44	41.8	474	1,211
9/1/2020	59	429	589	15	11/1/2008		102	68	45	41.6	473	1,207
10/1/2020	69	364	517	15	12/1/2008		149	50	46	41.4	472	1,203
11/1/2020	74	419	510	15	1/1/2009		117	95	47	41.2	471	1,200
12/1/2020	74	310	533	15	2/1/2009		108	4,297	48	41.0	470	1,196
1/1/2021	88	369	411	15	3/1/2009		128	94	49	40.8	468	1,192
2/1/2021	47	272	267	15	4/1/2009		128	91	50	40.6	467	1,188
3/1/2021	57	349	367	15	5/1/2009		152	95	51	40.4	466	1,184
4/1/2021	68	231	281	15	6/1/2009		142	87	52	40.2	465	1,180
5/1/2021	75	567	405	15	7/1/2009		127	81	53	40.0	464	1,176
6/1/2021	42	568	307	15	8/1/2009		99	46	54	39.9	463	1,172
7/1/2021	43	295	324	21	9/1/2009		61	42	55	39.7	462	1,168
8/1/2021	47	230	323	22	10/1/2009		100	98	56	39.5	460	1,164
9/1/2021	44	212	330	22	11/1/2009		186	129	57	39.3	459	1,161
10/1/2021	34	226	346	22	12/1/2009		120	150	58	39.1	458	1,157
11/1/2021	48	180	386	23	1/1/2010		117	127	59	38.9	457	1,153
12/1/2021	41	208	375	23	2/1/2010		110	129	60	38.7	456	1,149
1/1/2022	27	162	271	23	3/1/2010		118	104				
2/1/2022	26	144	209	23	4/1/2010		113	87				
3/1/2022	32	174	276	23	5/1/2010		114	94				
Releas	ed to Ina	ging: 671	5/2023,3::	39:20 PM	7/1/2010		/4 110	11				
6/1/2022	93	218	1,015	16	8/1/2010		36	23				

## faeIIoperating

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

	OIL (bbls)	GAS (Mcf)	WATER (bbls)	POOL
5 yr Cum	3,090	21,778	74,712	
Allocated %	100%	69%	89%	[37240] Langlie Mattix; 7 RVRs-O-Gravburg
Daily IP Rate	1.7	11.9	40.9	
5 yr Cum	0	9,947	9,112	
Allocated %	0%	31%	11%	[79240] Jalmat; Tansill-Vates-7 RVRs (GAS)
Daily IP Rate	0.0	5.5	5.0	
Daily IP Rate	1.7	17.4	45.9	Commingled (Total)





3050 -



<b>API 14</b>	SOURCE	STATUS	TOP PERF	<b>BASE PERF</b>	INTERVAL
30025092930000	OCD	ACTIVE	3140	3395	
30025092930000	OCD	BRIDGEPLUG	3653	3660	
30025092930000	OCD	INACTIVE	3678	3682	
30025092930000	OCD	INACTIVE	3694	3696	
30025092930000	OCD	INACTIVE	3710	3718	
30025092930000	OCD	INACTIVE	3730	3733	
30025092930000	OCD	INACTIVE	3738	3740	
30025092930000	OCD	INACTIVE	3748	3754	
30025092930000	CJH	PROPOSED	3767	3773	6
30025092930000	CJH	PROPOSED	3780	3782	2
30025092930000	CJH	PROPOSED	3785	3790	5
				SUM	13



**Received by OCD: 8/30/2022 3:37:51 PM** 







3200 -

3150 -







3550 -

3500 -

3450 -

3400 -

3350 -



3800 -

3700 -

3650 -

PHWHS\_EBP Z-RVRS\_G3 -RVRS\_G2 ا = التانية عند بي ال QUEEN STATE A A/C 1 55 TD : 3,800 ELEV\_KB : 3,485 42,616 1,707,459 431,351



Iubulars - Capacities and Performance	
2-3/8" 4.7# 8rd EUE Tubing (116 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug)	

WBD\_STATE A AC 1 #055\_CURRENT\_2022-04-01.xlsx



WBD\_STATE A AC 1 #055\_CURRENT\_2022-04-01.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> Pc	ool Code		<sup>3</sup> Pool Name					
30-	30-025-09293		7	9240	JA	JALMAT; TANSILL-YATES-7 R			VRs (GAS)	
<sup>4</sup> Property C	Code		•	5	Property Name			<sup>6</sup> We	<sup>6</sup> Well Number	
33116	2			STA	STATE A A/C 1			ī	#055	
<sup>7</sup> OGRID	No.			8	Operator Name			<sup>9</sup> E	levation	
32932	6			FAE II C	PERATING,	LLC		3	3485'	
	<sup>10</sup> Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
E	10	23S 36E 1980 N 660 V		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	
E	10	23S	36E		1980	Ν	660	W	LEA	
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint o	r Infill	<sup>4</sup> Consolidation Code	<sup>15</sup> Order No.						
160		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				<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,
	6			or to a voluntary pooling agreement or a compulsory pooling order
	-			heretofere entered by the division.
				08/27/2022
				Signature Date
				Signation of the second s
				VANESSA NEAL
(	<b>`</b>	NW/4		Printed Name
660'	0	Sec 10 (160 acres)		vanessa@faenergvus.com
				E-mail Address
				<b>ISURVEYOR CERTIFICATION</b>
				<i>I hereby certify that the well location shown on this plat</i>
				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 bellef.
				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

<sup>1</sup> API Number		<sup>2</sup> Pe	ool Code		<sup>3</sup> Pool Name					
30-025-09293			3	7240	) LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG					
<sup>4</sup> Property C	Code		•	5	Property Name			<sup>6</sup> We	<sup>6</sup> Well Number	
33116	2			ST	ATE A A/C 1			7	#055	
<sup>7</sup> OGRID	No.			8	Operator Name			<sup>9</sup> E	levation	
32932	6			FAE II C	OPERATING,	LLC		3	3485'	
	Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
E	10	23S 36E 1980 N 660		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	
E	10	23S	36E		1980	N	660	W	LEA	
12 Dedicated Acres	<sup>13</sup> Joint o	r Infill	<sup>4</sup> Consolidation Code	<sup>15</sup> 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			<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,
86			or to a voluntary pooling agreement or a compulsory pooling order
			heretofore entered by the division.
			08/27/2022
			Signature Date
			VANESSA NEAL
	SW/4 NW/4		Printed Name
660'	Sec 10 (40 acres)		vanessa@faenergyus.com
			E-mail Address
			<b>18SURVEYOR CERTIFICATION</b>
			<i>I hereby certify that the well location shown on this plat</i>
			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
	1	1	
			Certificate Number

From:	McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
10:	Vanessa Neal; Alex Bolanos
Cc:	McClure, Dean, EMNRD; Kautz, Paul, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Dawson, Scott; Lamkin, Baylen L.
Subject:	Approved Administrative Order DHC-5260
Date:	Thursday, June 15, 2023 3:14:49 PM
Attachments:	DHC5260 Order.pdf

NMOCD has issued Administrative Order DHC-5260 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

#### Well Name: State A A/C 1 #55 Well API: 30-025-09293

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

#### McClure, Dean, EMNRD

From:	Vanessa Neal <vanessa@faenergyus.com></vanessa@faenergyus.com>
Sent:	Tuesday, September 27, 2022 1:14 PM
To:	McClure, Dean, EMNRD
Subject:	[EXTERNAL] DHC - Proof of SLO Mailing & Additional Documentation
Attachments:	C-107a Pkg_STATE A AC 1 #103_DHC_2022-09-01.pdf
Follow Up Flag:	Follow up
Flag Status:	Completed

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

Hi Dean,

We have mailed the following downhole commingle (DHC) packets to the SLO via USPS certified mail. **Tracking number: 7019 2970 0000 5754 3902** 

PO Number	Well	ΑΡΙ	DHC C-107a
I1ANQ-220830-C-107A	State A A/C 3 COM A #004	30-025-09300	[79240] Jalmat & [24130] South Eunice
VQ72V-220830-C-107A	State A A/C 1 #055	30-025-09293	[79240] Jalmat & [37240] Langlie Mattix
3JAIF-220901-C-107A	State A A/C 1 #103	30-025-20493	[79240] Jalmat & [37240] Langlie Mattix
IVHCM-220926-C-107A	State A A/C 2 #038	30-025-08847	[79240] Jalmat & [24130] South Eunice

It also seems I attached the wrong documentation to PO Number 3JAIF-220901-C-107A. I have attached the correct documentation for PO Number 3JAIF-220901-C-107A to this email.

Please let me know if you are missing anything or need additional information.

Thank you!

Vanessa Neal | Sr Reservoir Engineer

#### forty acres energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

- O 832.219.0990 (ext 165)
- C 979.255.3476
- E vanessa@faenergyus.com

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

### APPLICATION FOR DOWNHOLE COMMINGLINGSUBMITTED BY FAE II OPERATING, LLCORDER NO. DHC-5260

#### <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. 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**

- 7. 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.
- 8. 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.
- 9. 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 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.

Order No. DHC-5260

- 10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
- 11. 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.

Order No. DHC-5260

- 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: 6/15/2023

DYLAN M. FUGE DIRECTOR

	Exhibit A		
	Order: DHC-5260		
	<b>Operator: FAE II Operating, I</b>	LC (329326)	
	Well Name: State A A/C 1 #55		
	Well API: 30-025-09293		
	Pool Name: JALMAT; TAN-YAT	ES-7 RVRS (GAS)	
Linner Zene	Pool ID: 79240	Current: X	New:
Opper Zone	Allocation: Fixed Percent	Oil: 0%	Gas: 31%
	Interval: Perforations	Top: 3,049	Bottom: 3,628
	Pool Name:		
Intermediate Zone	Pool ID:	Current:	New:
Intermediate Zone	Allocation:	Oil:	Gas:
	Interval:	Тор:	Bottom:
Bottom of Inter	val within 150% of Upper Zone's To	p of Interval:	
	Pool Name: LANGLIE MATTIX;	7 RVRS-Q-GRAYBURG	1
Lauran Zana	Pool ID: 37240	Current:	New: X
Lower Zone	Allocation: Fixed Percent	Oil: 100%	Gas: 69%
	Interval: Perforations	Top: 3,648	Bottom: 3,790
Bottom of Inter	val within 150% of Upper Zone's To	p of Interval: YES	
Top of Q	ueen Formation: 3,746		

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	139600	
	Action Type:	
	[C-107] Down Hole Commingle (C-107A)	

#### CONDITIONS Created By Condition Condition Date 6/15/2023 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.

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Action 139600