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Form C-107-B Revised August 1, 2011

District I 1625 N. French Drive, Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION 1220 S. St Francis Drive

Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION	FOR SURFACE O	COMMINGLING	(DIVERSE	OWNERSHIP)	
OPERATOR NAME: FAE II C	Dperating, LLC				
OPERATOR ADDRESS: 11757 Ka	ty Fwy, Ste. 1000, Ho	uston, TX 77079			
APPLICATION TYPE:					
Pool Commingling Lease Commingling	g ⊠Pool and Lease Cor	nmingling Off-Lease	Storage and Measur	rement (Only if not Surface	e Commingled)
LEASE TYPE: Fee	State 🗌 Feder	ral			
Is this an Amendment to existing Order					
Have the Bureau of Land Management	(BLM) and State Land	l office (SLO) been not	tified in writing	of the proposed comm	ingling
	(A) POO	L COMMINGLIN	G		
	Please attach sheet	s with the following in	nformation		
	Gravities / BTU of	Calculated Gravities /]	Calculated Value of	
(1) Pool Names and Codes	Non-Commingled Production	BTU of Commingled Production	\$/MMBTU	Commingled Production	Volumes
[79240] JALMAT; TAN-YATES-7		Troduction		Troduction	00/11/ 11
RVRS (GAS)	1.3862 BTU		2.24	_	80 / Month
		-		\$546/month	
[37240] LANGLIE MATTIX; 7 RVRS-Q- GRAYBURG	1.362 BTU	1.362			60 / Month
		-]	50 / Month
[33820] JALMAT; TAN-YATES-7 RVRS	1.364 BTU				(MMBTU)
(2) Are any wells producing at top allowa			1001 - 1000		
(3) Has all interest owners been notified b			\boxtimes Yes \square No.		
(4) Measurement type: Metering	Other (Specify) – Shut	In Method			
(5) Will commingling decrease the value	of production? Yes	KINO II "yes", descri	be why commingl	ing should be approved	

(B) LEASE COMMINGLING

Please	attach	sheets	with	the	following	information

(1)Pool Name and Code.

Is all production from same source of supply? Yes No (2)

(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No

(4) Measurement type: Metering Other (Specify) – Shut In Method

(C) POOL and LEASE COMMINGLING Please attach sheets with the following information

Complete Sections A and E. (1)

(D) OFF-LEASE STORAGE and MEASUREMENT Please attached sheets with the following information Yes No (1)Is all production from same source of supply? Include proof of notice to all interest owners. (2)

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information
(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.
I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE: DATE: 03/22/2023
TYPE OR PRINT NAME Tyler Van Howe TELEPHONE NO.: 281-798-4516
E-MAIL ADDRESS: tyler@faenergyus.com

March 24, 2023

VIA ONLINE FILING

Mr. Dean McClure New Mexico Energy, Minerals and Natural Resources Department 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re: Application of FAE II Operating, LLC for Administrative Approval to Surface Commingle and Sell Gas Production from the Jalmat; Tan-Yates-7 RVRS and Langlie Mattix; 7 RVRS-Q-Grayburg Pools for the Harrison #001 and Harrison #002 well to the Woolworth #001 located in Unit P, Sec. 26, T-24S, R-36E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for surface commingling of gas production for its Harrison lease located in Section 26 of Township 24S, Range 36E as shown on the map in Exhibit A. The lease is also identified by outline and legend. Exhibit B offers further detail on the relevant wells.

The attached battery diagrams, Exhibits C and D, are accurate schematics of the current facility and the proposed commingled facility, respectively. A new 2-inch gas flowline will be laid from the Harrison #2 and Harrison #1 and tie into the gas sales meter at the Woolworth #001. The mentioned wells production contribution will be determined using the shut-in method.

After a review of internal records, the interest owners are not identical for the wells mentioned above. As such, we have notified all relevant parties of our intent to commingle production (see attached letter). The working, royalty, and overriding royalty interest owners have been notified of this application by certified mail, please see attached list with tracking numbers. Copies of the certified mail receipts have been attached with this application.

This proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. If there are further questions concerning this application, please feel free to contact the undersigned by email at tyler@faenergyus.com or by telephone at (281) 798-4516.

Very truly yours,

FAE II Operating, LLC

Exhibit A – Lease Boundaries Map

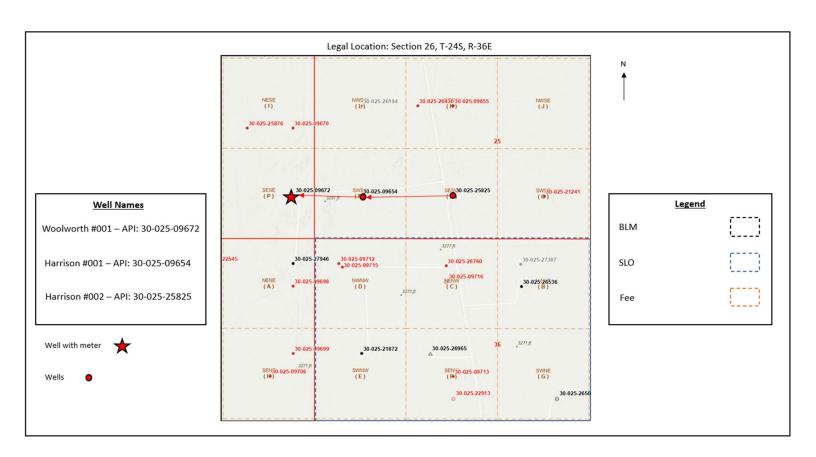


Exhibit B – Lease and Well Information

Well Name	Property No.	API #	Pool ID
Woolworth #001	326423	30-025-09672	[79240] Jalmat; Tan-Yates-7 Rvrs
Harrison #001	329831	30-025-09654	[33820] Jalmat; Tan-Yates-7 Rvrs
Harrison #002	329831	30-025-25825	[37240] Langlie Mattix; 7 Rvrs-Q-Grayburg



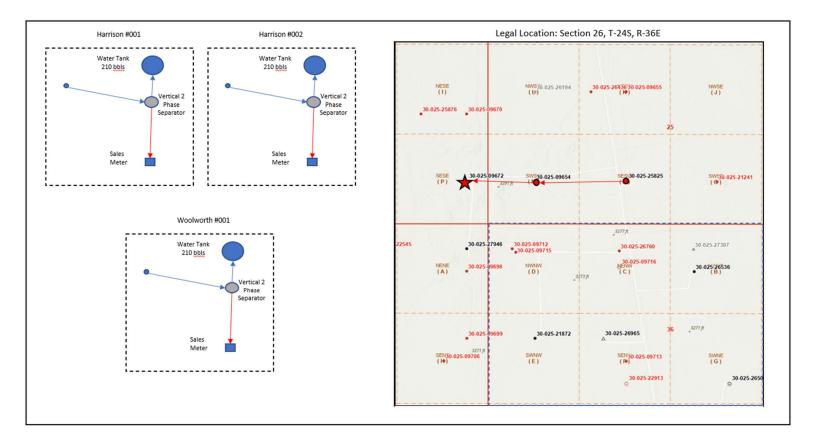
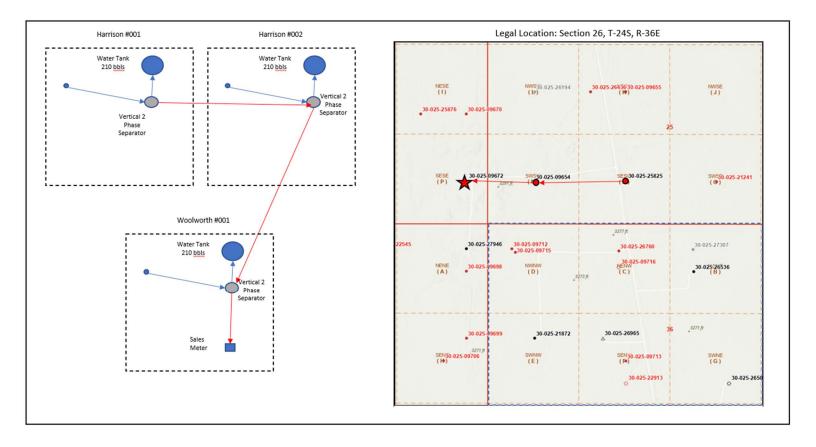
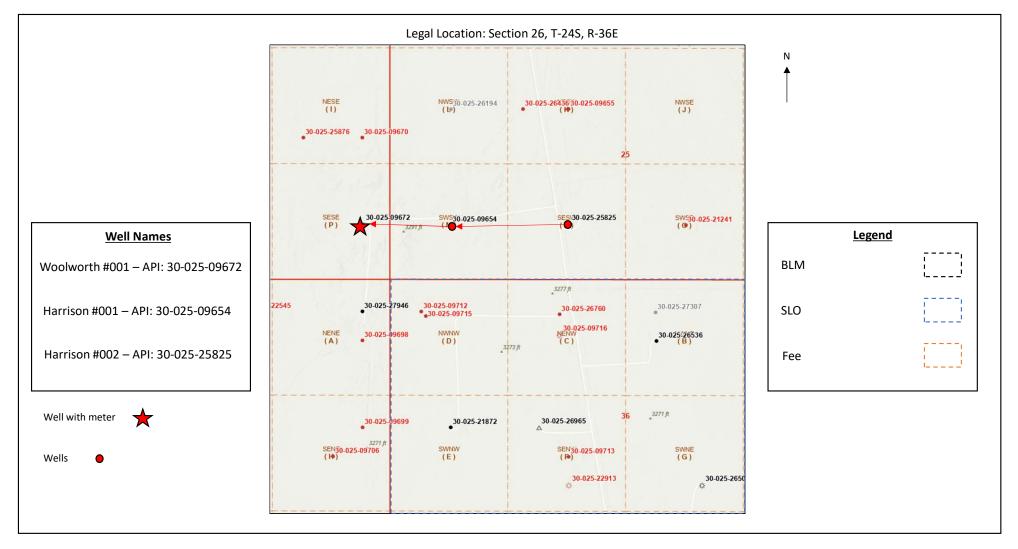


Exhibit D – Proposed Facility Layout

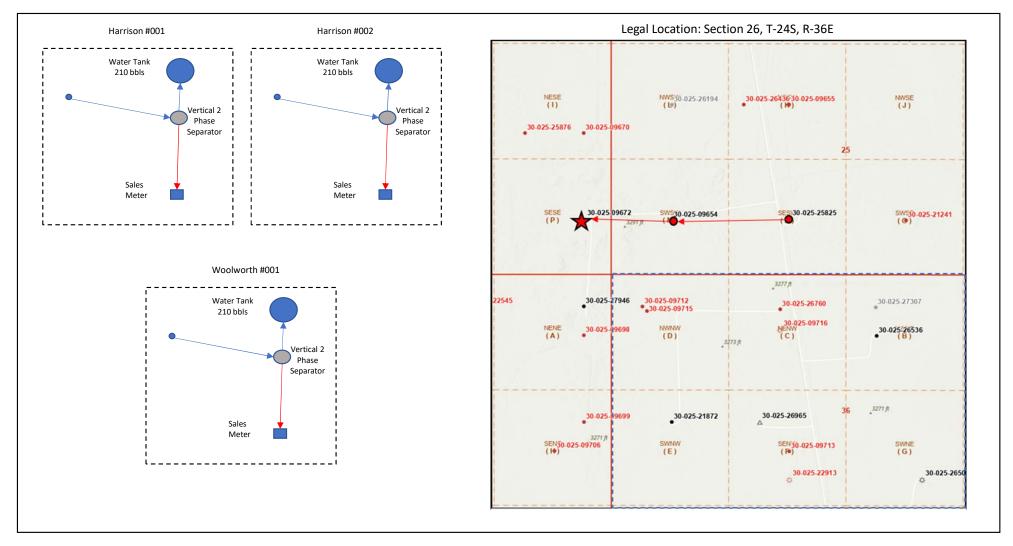


Create Exhibit A Lease Boundaries Map



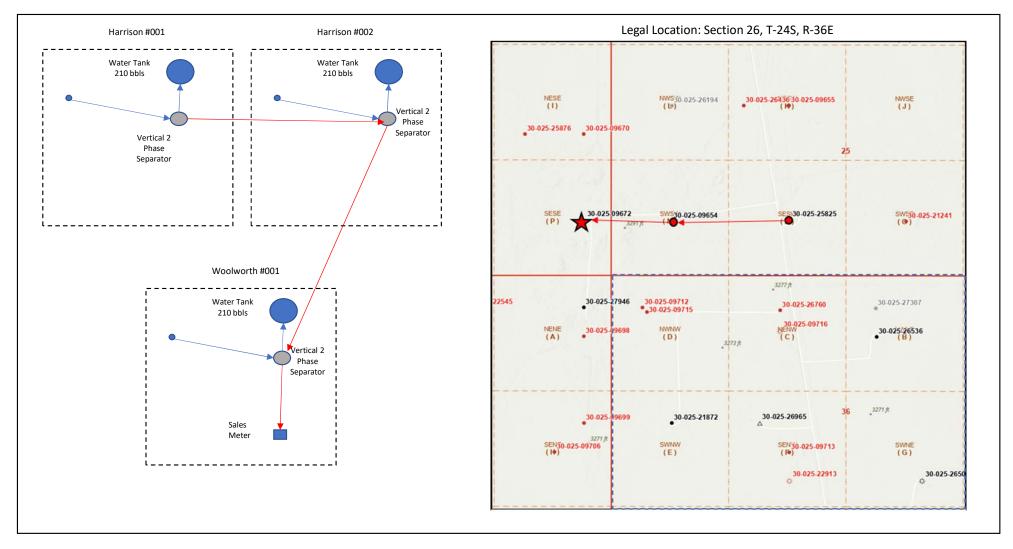
Create Exhibit C Cu

Current Facility Layout



Create Exhibit D

Proposed Facility Layout



Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated March 26, 2023 and ending with the issue dated March 26, 2023.

lasi

Publisher

Sworn and subscribed to before me this 26th day of March 2023.

aik

Business Manager

My commission expires January 29, 2027 (Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said 67115951

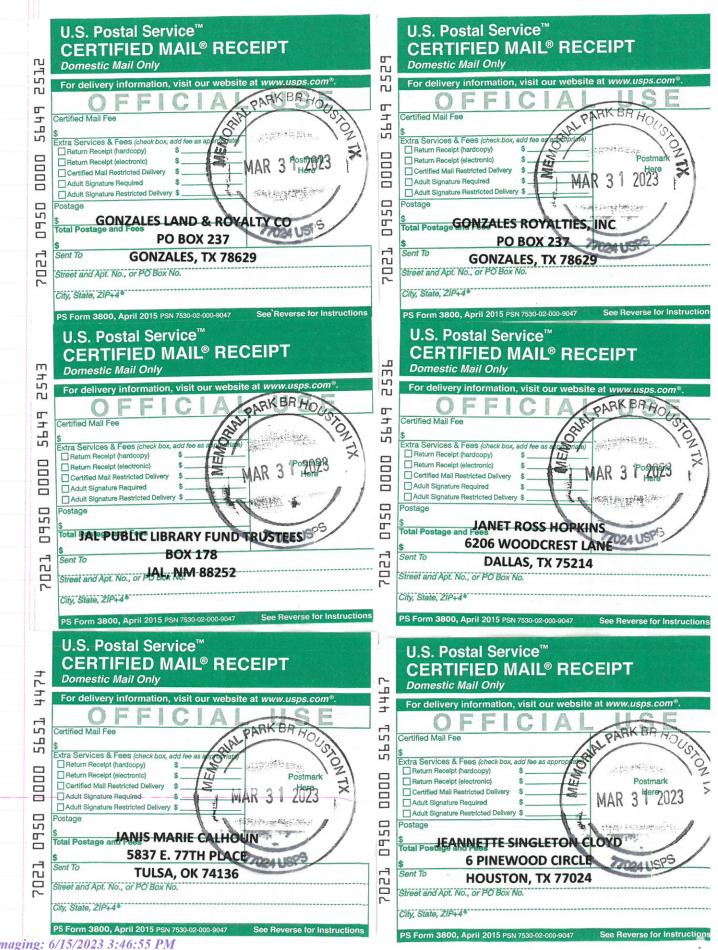
VANESSA PEACE FORTY ACRES ENERGY 11757 KATY FREEWAY, STE 725 HOUSTON, TX 77079 00277048

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LEGAL NOTICE March 26, 2023 Commingling Notification: Interested parties must file objections or requests for hearing in writing with the objections or requests for hearing in writing with the objections or requests for hearing in writing with the objections or requests for hearing in writing with the objections or requests for hearing in writing with the objections or requests for hearing in writing with the days after publication, or the division may approve the application, or the division for the division the division for the division of the division of the division and LANGLIE MATTIX ; 7 RVRS-Q-GRAYBURG (POOL: 37240) #00277048



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Name	Address	City	State	ZIP
ANNA K MASON BENNETT	2404 LORING ST #290	SAN DIEGO	CA	92109
BARBARA F RAY	4250 OLD OMEN RD #6023	TYLER	ТΧ	75707
BARBARA J JOHNSON	245 RAINBOW DR #14566	LIVINGSTON	ТΧ	77399
CHRISTY DUNSON	715 N 1ST ST	MERKEL	ТΧ	79536
CONGREGATION OF DIVINE PROVIDENCE,				
C/O SISTER ALEXIA VINKLAREK	515 SW 24TH STREET	SAN ANTONIO	ТΧ	78207
DIANE L CONNER	7 BARTON LANE	MIDDLETOWN	RI	02842
GONZALES LAND & ROYALTY CO	PO BOX 237	GONZALES	ТΧ	78629
GONZALES ROYALTIES, INC	PO BOX 237	GONZALES	ТΧ	78629
JAL PUBLIC LIBRARY FUND TRUSTEES	BOX 178	JAL	NM	88252
JANET ROSS HOPKINS	6206 WOODCREST LANE	DALLAS	ТΧ	75214
JANIS MARIE CALHOUN	5837 E. 77TH PLACE	TULSA	ОК	74136
JEANNETTE SINGLETON CLOYD	6 PINEWOOD CIRCLE	HOUSTON	ТΧ	77024
JIMMIE W EDEN, JR TRUST	PO BOX 17	STILLWATER	ОК	74076
JOHN SPECIAL	PO Box 369	Stillwater	ОК	74076
LARRY J. BOND LIVING TRUST DATED MAY				
14, 2015	1615 Drakestone Ave	Nichols Hills	ОК	73120
LEGAT, LLC	6114 W. Canterbury Drive	Stillwater	ОК	74074
LEXINGTON OIL COMPANY	PO BOX 237	GONZALES	ТΧ	78629
LISA ONVANI	2810 ST MARK DR	MANSFIELD	ТΧ	76063
MARILYN A CHAPPELL	1405 VAN BUSKIRK RD	ANDERSON	IN	46011
MARJAM ENERGY, LLC	10440 N CENTRAL EXPRESSWAY, SUITE 1010	DALLAS	тх	75231
MARJORIE PETERSON	12431 MONTEGO PLZ	DALLAS	ТΧ	75230
MARTHA WATKINS HARRIS ESTATE, C/O DAN				
PHILLIPS, EXECUTOR	PO BOX 1790	KILGORE	ТΧ	75663
MARY M HODGE	5930 ROYAL LANE STE E-500	DALLAS	ТΧ	75230
MILAGRO RESOURCES, ATTN: DAVID EYLER	415 WEST WALL AVE, STE 1118	MIDLAND	тх	79701
MOBIL OIL CORPORATION, C/O XTO ENERGY	PO BOX 840780	DALLAS	ТΧ	75284
MOBIL PRODUCING TX & NM, INC., C/O XTO				
ENERGY	PO BOX 840780	DALLAS	ТΧ	75284
MRS CLYDE WATKINS MILLER, C/O CLARA G				
MILLER	100 S MAIN ST STE 215	DUNCANVILLE	ТΧ	75116
MYRTIS D WATKINS	322 E MAIN ST	HENDERSON	ТΧ	75652
NANCY RUTLEDGE	220 COUNTY RD 253	FAIRFIELD	ТΧ	75840
PAT FINNEGAN MCGOWAN	2584 BLUE MEADOW DR	TEMPLE	ТΧ	76502
RUSSELL T RUDY ENERGY, LLC	5701 WOODWAY DR. SUITE 346	HOUSTON	ТΧ	77057
SANDRA MATTHEWS	220 MERLOT DR	STEPHENSON	VA	22656
SHARRI PRUETT	5614 FENWAY	MIDLAND	ТΧ	79707
SISTER REGINA TRICHE	9200 NEW HARMONY ROAD	EVANSVILLE	IN	47720
SKIP ROSS	3407 RUSH SPRINGS CT	ARLINGTON	тх	76016
	3333 WELBORN ST, STE 400	DALLAS	тх	75219
SOURCE ENERGY LEASEHOLD, LP				
SOURCE ENERGY LEASEHOLD, LP SUE WILSON	306 COTTONWOOD DR	HARKER HEIGHTS	ТХ	76548
	306 COTTONWOOD DR		TX TX	76548 75230
SUE WILSON	·	HARKER HEIGHTS DALLAS DALLAS		76548 75230 75229

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Page 18 of 24 Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:	
	- Geolog	ABOVE THIS TABLE FOR OCD CO OIL CONSERV ical & Engineerin Francis Drive, San	ATION DIVISION g Bureau –	
ZIHT	ADMINIST CHECKLIST IS MANDATORY FOR			to division rul es and
1110		REQUIRE PROCESSING AT TH		
Vell Name:V	LE II Operating, LLC Voolworth #001 LMAT; TAN-YATES-7 I	RVRS	API:	ID Number: <u>329326</u> 30-025-09672 Code: <u>79240</u>
SUBMIT ACCUR	ATE AND COMPLETE IN	IFORMATION REQU		THE TYPE OF APPLICATION
A. Location	ICATION: Check those n – Spacing Unit – Simu NSL NSP	Itaneous Dedicatio	on	SD
[] Con [[] Inje	one only for [1] or [1] mingling – Storage – I DHC CTB C ction – Disposal – Press WFX PMX	PLC PC C sure Increase – Enh	OLS OLM anced Oil Recove EOR PPR	ery FOR OCD ONLY
A. Offse B. Roya C. Appl D. Notifi E. Notifi F. Surfa G. For a	N REQUIRED TO: Check t operators or lease ho lty, overriding royalty of ication requires publish cation and/or concur cation and/or concur ce owner Il of the above, proof otice required	olders owners, revenue ov ned notice rent approval by S rent approval by B	wners LO LM	 Notice Complete Application Content Complete
administrative understand t	N: I hereby certify that approval is accurate that no action will be to are submitted to the D	and complete to aken on this applic	the best of my kn	
1	lote: Statement must be comp	leted by an individual wi	h managerial and/or su	pervisory capacity.
			03/22/2023	
Tyler Van Howe			Date	
Print or Type Name			(281) 798 - 4516	

JAVarthome

Signature

nature

Phone Number

tyler@faenergyus.com

.

e-mail Address

From:	McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
To:	<u>Alex Bolanos; Vanessa Neal</u>
Cc:	McClure, Dean, EMNRD; Kautz, Paul, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD
Subject:	Approved Administrative Order PLC-896
Date:	Thursday, June 15, 2023 2:55:20 PM
Attachments:	PLC896 Order.pdf

NMOCD has issued Administrative Order PLC-896 which authorizes FAE II Operating, LLC (329326) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-09672	Woolworth #1	S/2 SE/4	26-24S-36E	79240
30-025-09654	Harrison #1	SW/4 SW/4	25-24S-36E	33820
30-025-25825	Harrison #2	SE/4 SW/4	25-24S-36E	37240
30-023-23823	marrisoli #2	SW/4	25-24S-36E	79240

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

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

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

APPLICATION FOR SURFACE COMMINGLING SUBMITTED BY FAE II OPERATING, LLC

ORDER NO. PLC-896

<u>ORDER</u>

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

- 1. FAE II Operating, LLC ("Applicant") submitted a complete application to surface commingle the gas production from the pools, leases, and wells identified in Exhibit A ("Application").
- 2. Applicant proposed a method to allocate the gas production to the pools, leases, and wells to be commingled.
- 3. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
- 4. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
- 5. Applicant certified the commingling of gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the gas production to less than if it had remained segregated.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
- 7. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
- 8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
- 9. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.

Order No. PLC-896

- 10. Commingling of gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
- 11. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

<u>ORDER</u>

1. Applicant is authorized to surface commingle gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

- 2. This Order supersedes Order PLC-744.
- 3. The gas production allocated to each well identified in Exhibit A shall be determined by shutting-in the production from all other wells for a minimum of twenty-four (24) consecutive hours and metering the production from that well during that period. Applicant shall conduct this test a minimum of one (1) time per month for each well.
- 4. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
- 5. Applicant shall calibrate the meters used to measure or allocate gas production in accordance with 19.15.12.10.C.(2) NMAC.
- 6. If the commingling of gas production from any pool, lease, or well reduces the value of the commingled gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 7. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 8. 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).

Order No. PLC-896

9. 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: <u>6/15</u>/2023

DYLAN M. FUGE DIRECTOR

.

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-896 Operator: FAE II Operating, LLC (329326) Central Tank Battery: Woolworth Battery Central Tank Battery Location: UL P, Section 26, Township 24 South, Range 36 East Gas Title Transfer Meter Location: UL P, Section 26, Township 24 South, Range 36 East

Pools

Pool Name	Pool Code
JALMAT; TAN-YATES-7 RVRS (OIL)	33820
LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	37240
JALMAT; TAN-YATES-7 RVRS (GAS)	79240

	Leases as defined in	19.15.1	2.7(C) NMAC		
	Lease		UL or Q/Q	S-T-R	
]	Fee	S/2 SE/4	26-24S-36E	
]	Fee	SW/4	25-24S-36E	
	W	ells			
Well API	Well Name		UL or Q/Q	S-T-R	Pool
30-025-09672	Woolworth #1		S/2 SE/4	26-24S-36E	79240
30-025-09654	Harrison #1		SW/4 SW/4	25-24S-36E	33820
30-025-25825	Harrison #2		SE/4 SW/4	25-24S-36E	37240
30-023-23023	HATTISOII #2		SW/4	25-24S-36E	79240

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

CONDITIONS

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	208939
	Action Type:
	[C-107] Surface Commingle or Off-Lease (C-107B)

Created By Condition 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.

CONDITIONS

Page 24 of 24

Action 208939

Condition Date 6/15/2023