

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

**APPLICATION OF FAE II OPERATING, LLC FOR
STATUTORY UNITIZATION AND
EXPANSION OF THE VERTICAL LIMITS OF THE
TEAGUE (PADDOCK-BLINEBRY) POOL,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25220

**APPLICATION OF FAE II OPERATING, LLC FOR
APPROVAL OF AN ENHANCED OIL RECOVERY
PROJECT AND TO QUALIFY THE PROJECT FOR
THE RECOVERED OIL TAX RATE,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25221

AMENDED CONSOLIDATED PRE-HEARING STATEMENT

FAE II Operating, LLC (“FAE” or “Applicant”) submits its Amended Consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPLICANT

FAE II Operating, LLC

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INTERESTED PARTY

ConocoPhillips Company

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STATEMENT OF THE CASES

In **Case No. 25220**, FAE seeks an order: (1) approving the Statutory Unitization of its Lamunyon Unit; and (2) expanding the vertical limits of the Teague (Paddock-Blinebry) pool to include the Teague; Glorieta-Upper Paddock, SW pool within the Unit Area. The proposed Lamunyon Unit comprises approximately 3,960.00 acres, more or less, of the following federal and fee lands located in Lea County, New Mexico ("Unit Area"): Township 23 South, Range 37 East: E/2 of Section 20, all of Section 21, W/2 and SW/4 SE/4 of Section 22, all of Section 27, all of Section 28; E/2 NE/4 Section 29; E/2 Section 33; all of Section 34; W/2 of Section 35. The unitized interval is that interval underlying the Unit Area, the vertical limits of which extended from an upper limit described as the top of the Glorieta Formation to a lower limit at the base of the Blinebry Formation; the geologic markers having been previously found to occur at 4,921 feet and 5,930 feet, respectively, in Chevron U.S.A. Inc.'s C. E. Lamunyon #050 well, API 30-025-30525, located 1,310 feet FNL and 210 FEL of Section 28, T-23-S, R-37-E, Lea County, New Mexico, as recorded on the Schlumberger Compensated Neutron Litho-Density log run on March 6, 1989 and measured from a Kelly Busing Elevation of 3,298 feet above sea level.

Among the matters to be considered at hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978, §§ 70-7-1 et seq., will be: the necessity of unit operations; the determination of horizontal and vertical limits of the unit area; the determination of the fair,

reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the working interest owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate. Applicant made a good faith effort to obtain voluntary joinder of all working interest owners and non-cost bearing owners, including OXY USA Inc. and Occidental Permian LP, to achieve ratification of the Unit Agreement.

Applicant also requests that the vertical limits of the Teague (Paddock-Blinebry) pool be expanded to include the Teague; Glorieta-Upper Paddock, SW pool within the boundaries of the Unit Area.

In **Case No. 25221**, Applicant applies for an order approving an enhanced oil recovery project (secondary and tertiary recovery) in the Lamunyon Unit Area by the injection of water and gas into the Glorieta, Paddock, and Blinebry formations in wells located on approximately 3,960.00 acres, more or less, of federal and fee lands in Lea County that include all or parts of: Township 23 South, Range 37 East - Section 20, Section 21, Section 22, Section 27, Section 28, Section 29, Section 33, Section 34, and Section 35. Applicant proposes to inject into the Glorieta, Paddock, and Blinebry formations through the following wells:

C E LAMUNYON #053 (API No. 30-025-33136) Location: 1,300' FSL & 330' FWL (Unit M), Section 22, Township 23 South, Range 37 East Injection Interval: 5,270' to 5,330'.

SALTMOUNT #003 (API No. 30-025-33228) Location: 990' FSL & 1,300' FEL (Unit P), Section 21, Township 23 South, Range 37 East Injection Interval: 5,290' to 5,340'.

C E LAMUNYON #057 (API No. 30-025-33445) Location: 2,310' FNL & 1,200' FWL (Unit E), Section 27, Township 23 South, Range 37 East Injection Interval: 5,384' to 5,852'.

C E LAMUNYON #064 (API No. 30-025-33961) Location: 50' FNL & 1,340' FWL (Unit C), Section 27, Township 23 South, Range 37 East Injection Interval: 5,274' to 5,312'.

C E LAMUNYON #063Y (API No. 30-025-34153) Location: 1,420' FNL & 1,340' FWL (Unit F), Section 27, Township 23 South, Range 37 East Injection Interval: 5,280' to 5,330'.

C E LAMUNYON #066 (API No. 30-025-34202) Location: 1,300' FNL & 2,520' FWL (Unit C), Section 27, Township 23 South, Range 37 East Injection Interval: 5,306' to 5,359'.

C E LAMUNYON #068 (API No. 30-025-34254) Location: 10' FNL & 330' FWL (Unit D), Section 27, Township 23 South, Range 37 East Injection Interval: 5,362' to 5,396'.

C E LAMUNYON #076 (API No. 30-025-35074) Location: 2,310' FNL & 2,310' FWL (Unit F), Section 27, Township 23 South, Range 37 East Injection Interval: 5,290' to 5,345'.

Applicant proposes to convert the wells from producers to injectors for waterflood operations and plans to inject water through a closed system of perforations. The proposed average injection pressure is expected to be approximately 950 psi. The expected maximum injection pressure will be calculated relative to the depth of the highest perforation, using a factor of 0.2 psi/ft. Pending results of a step rate test, the maximum injection pressure could potentially be increased to a factor of 0.65 psi/ft. The maximum daily injection rate will be 800 barrels of water per day or as permitted by the Division. Applicant seeks authorization to include additional injection wells within the project administratively. Applicant also requests that the enhanced oil recovery project be qualified for the recovered oil tax rate, pursuant to the Enhanced Oil Recovery Act, NMSA 1978, Sections 7-29A-1 to -5, and New Mexico Oil Conservation Division regulations.

The project area is centered approximately 13.5 miles south of Eunice, New Mexico.

PROPOSED EVIDENCE

Witness	Occupation	Estimated Time	Exhibits
Joseph Kent (Case No. 25220 only)	Landman	Affidavit	Approx. 12
Charles Hooper	Geologist	Affidavit	Approx. 8 per case
Vanessa Neal	Reservoir Engineer	Affidavit	Approx. 5 per case

PROCEDURAL MATTERS

Applicant intends to consolidate these cases for hearing and will present these cases by affidavit if OXY USA Inc. and Occidental Permian LP withdraw their opposition to the applications.

Respectfully submitted,

HARDY McLEAN LLC

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record via electronic mail on July 22, 2025:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 487609

QUESTIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 487609
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>