

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

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources**Oil Conservation Division**☐ AMENDED REPORT**1220 South St. Francis Dr.****Santa Fe, NM 87505****APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

| | | |
|---|---|--|
| ¹ Operator Name and Address FAE II Operating LLC 11757 Katy Freeway, Suite 1000, Houston, TX 77079 | | ² OGRID Number 329326 |
| | | ³ API Number 30-025-11842 |
| ⁴ Property Code | ⁵ Property Name WINNINGHAM | ⁶ Well No. 1 |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| C | 30 | 25S | 37E | | 660 | N | 1980 | W | LEA |

8. Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| C | 30 | 25S | 37E | | 660 | N | 1980 | W | LEA |

9. Pool Information

| Pool Name | Pool Code |
|-------------------------------|-----------|
| JALMAT;TAN-YATES-7 RVRS (OIL) | 33820 |

Additional Well Information

| | | | | |
|-------------------------------------|--|---|---|---|
| ¹¹ Work Type E | ¹² Well Type O | ¹³ Cable/Rotary R | ¹⁴ Lease Type P | ¹⁵ Ground Level Elevation 3041.35' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 3600' | ¹⁸ Formation QUEEN | ¹⁹ Contractor Swabco | ²⁰ Spud Date 2/15/2021 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits**21. Proposed Casing and Cement Program**

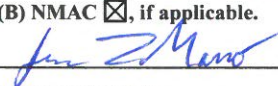
| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surface | 11" | 9-5/8" | 40#/ft | 300' | 200 | Surface |
| Orig. Prod | 8-5/8" | 7" | 20#/ft | 2675' | 300 | 696' |
| New Prod | 7" | 5-1/2" | 15.5#/ft | 3600' | 300 | Surface |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 3000 | 3000 | Unknown |

| | | | |
|---|--|---|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature:  Printed name: Jessica LaMarro Title: Geologist E-mail Address: jessica@faenergyus.com Date: 1/21/2021 | | OIL CONSERVATION DIVISION Approved By: Title: Approved Date: Expiration Date: Conditions of Approval Attached | |
| Phone: 832-706-0051 | | | |

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-107
Supersedes O-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

| | | | | | |
|--|--|---|---------------------------------|----------------------|--|
| Operator FAE II Operating LLC | | Lease (OGRD 329336) | | Well No. 1 | |
| Well Letter C | Section 30 | Township 25S | Range 37E | County Lea | |
| Actual Footage Location of Well: 660 feet from the North line and 1980 feet from the West line | | | | | |
| Ground Level Elev. 3041.35 | Producing Formation Yates / Seven Rivers | Port Jalmit, Ten Yates - 7 RVRs (oil) | Dedicated Acreage 480 | | |

- Outline the acreage dedicated in the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

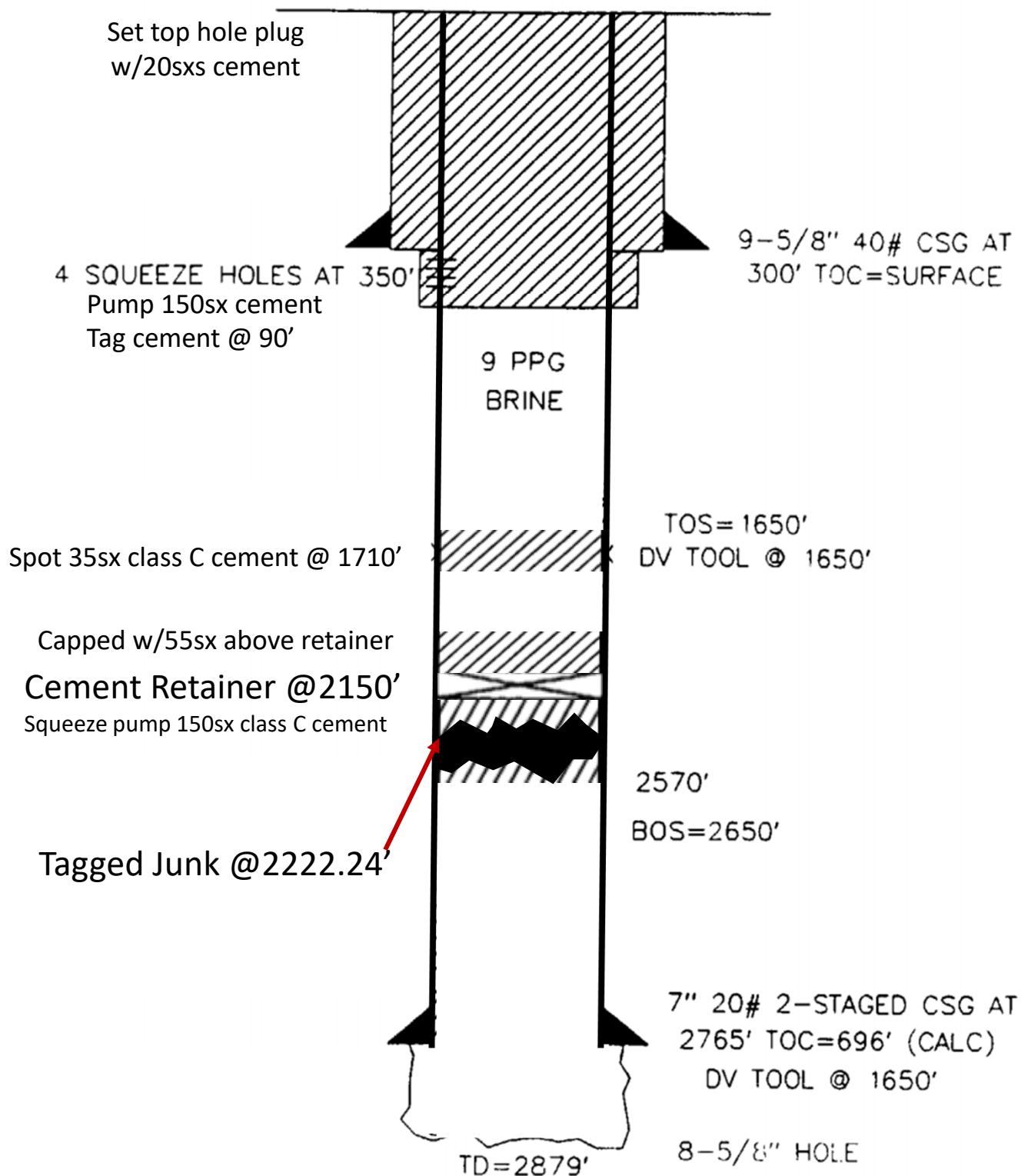
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

| | |
|---|---|
| <p>Winningham No. 8 B. H. Location 2355 FSL & 336 FEL (I) Sec. 19, T-25-S, R-37-E</p> <p>Winningham No. 2 598 FSL & 653 FEL (P) Sec. 19, T-25-S, R-37-E (Producing).</p> <p>Winningham No. 1 660 FNL & 1980 FWL (C) Sec. 30, T-25-S, R-37-E (Returned to Prod: 10-31-83)</p> <p>Kerr-McGee Winningham No. 1 1980 FNL & FWL (F) Sec. 30, T-25-S, R-37-E (F/46,000 MCFPD P&A: 2-28-47)</p> <p>Winningham No. 7 1992 FNL & 488 FEL (II) Sec. 30, T-25-S, R-37-E (T&A: 12-77) (Current SICP= 220 psi)</p> <p>Winningham No. 3 1980 FSL & 330 FEL (I) Sec. 30, T-25-S, R-37-E (T&A: 12-70)</p> | <p>CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Name <u>Jim Z. Mans</u></p> <p>Position <u>Geologist</u></p> <p>Company <u>FAE II Operating, LLC</u></p> <p>Date <u>11/21/2021</u></p> <p>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 knowledge and belief.</p> <p>Date Surveyed _____</p> <p>Registered Professional Engineer or/and Land Surveyor _____</p> |
| | <p>CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Name _____</p> <p>Position _____</p> <p>Company _____</p> <p>Date _____</p> <p>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 knowledge and belief.</p> <p>Date Surveyed _____</p> <p>Registered Professional Engineer or/and Land Surveyor _____</p> <p>Certificate No. _____</p> |

1/21/2021

Current

WINNINGHAM #1
JALMAT (GAS) FIELD
LEA COUNTY, NEW MEXICO
CONDITION AFTER P & A



1/21/2021

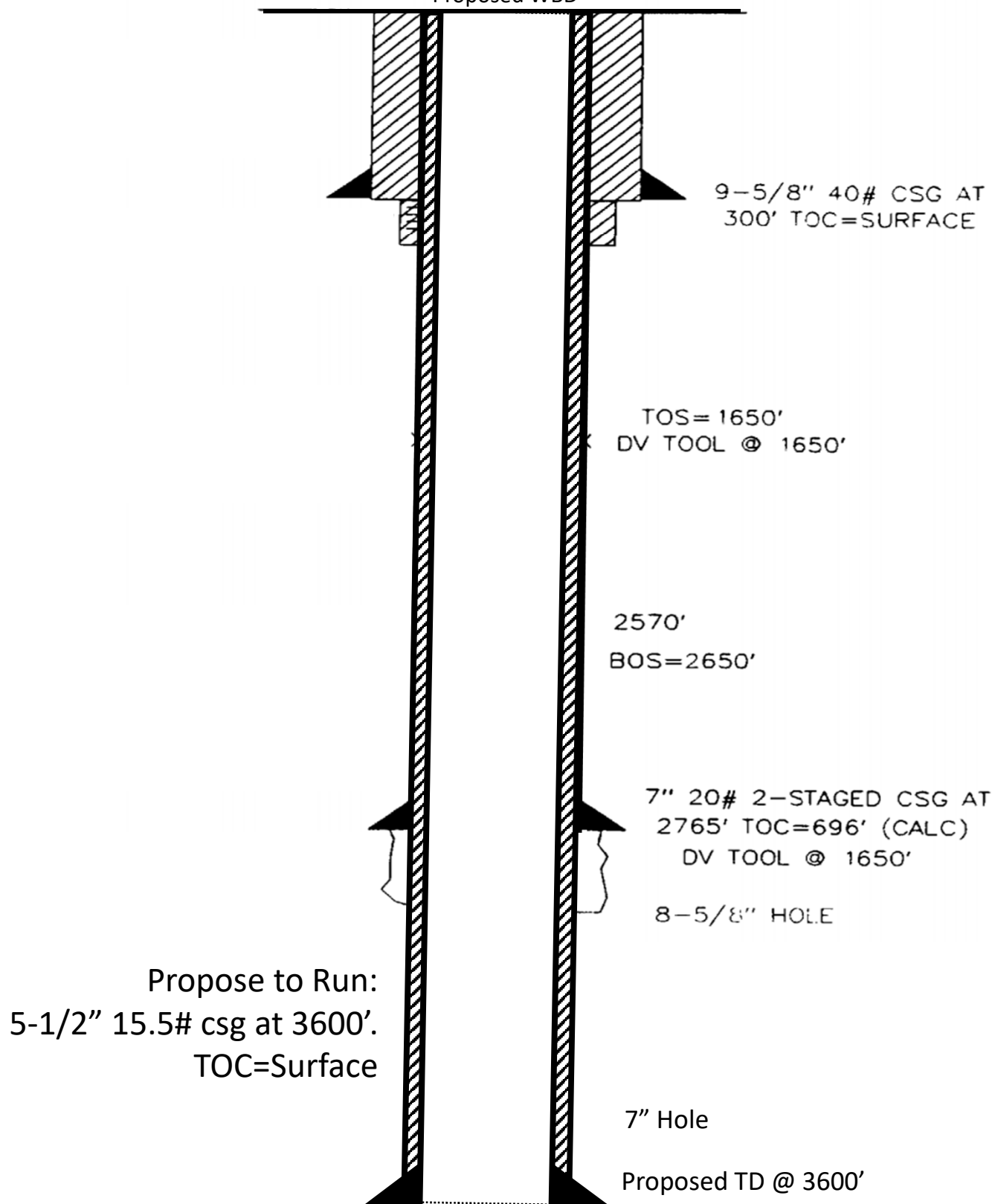
WINNINGHAM #1

API: 30-025-11842

Twn 25S Rge 37E Sec 30

660 FNL 1980 FWL

Proposed WBD



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State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

Date: 1/21/2021

☒ Original Operator & OGRID No.: F AE II Operating LLC 329326
☐ Amended - Reason for Amendment: _____

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

| Well Name | API | Well Location (ULSTR) | Footages | Expected MCF/D | Flared or Vented | Comments |
|---------------|--------------|-----------------------|--------------------|----------------|------------------|---------------------------------|
| WINNINGHAM #1 | 30-025-11842 | C-30-25S-37E | 660 FNL & 1980 FWL | 25 | 0 mcf flared | Sales meter at existing battery |
| WINNINGHAM #9 | 30-025-28637 | B-30-25S-37E | 660 FNL & 1980 FEL | | | |

Gathering System and Pipeline Notification

The well will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to **ETC** and will be connected to **ETC** low pressure gathering system located in LEA County, New Mexico. It will require 1250' of pipeline to connect the facility to low pressure gathering system. F AE II Operating LLC provides (periodically) to **ETC** a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, F AE II Operating LLC and **ETC** have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at **ETC** Processing Plant located in Sec. 33, Twn. 25S, Rng. 37E, LEA County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After completion, the well will be tied into the production facilities. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on **ETC** system at that time. Based on current information, it is F AE II Operating LLC's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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Santa Fe, NM 87505

CONDITIONS

Action 16748

CONDITIONS OF APPROVAL

| | | | | | |
|--|--|--|--------|----------------|--------------|
| Operator: | | | OGRID: | Action Number: | Action Type: |
| FAE II OPERATING LLC 11757 Katy Freeway, Suite 1000 Houston, TX77079 | | | 329326 | 16748 | APD |
| OCD Reviewer | Condition | | | | |
| pkautz | Special pool rules - special vertical limits for Jalmat from top of Tansil formation down to a point 100 feet above the base of Seven Rivers formation | | | | |