<u>District I</u> 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

State of New Mexico

Form C-101 Revised July 18, 2013

Energy Minerals and Natural Resources Oil Conservation Division

☐AMENDED REPORT

1000 Rto Brazos Road, Aztec, NM 8/410 Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505	1220 South St. Francis I	Or.
Phone: (505) 476-3460 Fax: (505) 476-3462	Santa Fe, NM 87505	
APPLICATION FOR PER	MIT TO DRILL, RE-ENTER, DEEPEN	, PLUGBACK, OR ADD A ZONE
^{1.} Ope	erator Name and Address	^{2.} OGRID Number
FA	E II Operating LLC	329326
	Katy Freeway, Suite 725	3. API Number
	ouston, TX 77079	30-025-08854
4. Property Code	5. Property Name	^{6.} Well No.
331161	STATE A A/C 2	#029
	7. Surface Location	

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
D	09	22S	36E		660	N	660	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
D	09	22S	36E		660	N	660	W	LEA

9. Pool Information	
Pool Name	Pool Code

JALMAT; TAN-YATES-7 RVRs // EUNICE; 7 RVRs-QUEEN, SOUTH 79240 // 24130 **Additional Well Information**

11. Work Type	12.	Well Type	Vell Type 13. Cable/Rotary 14. Leas		e Type	15. Ground Level Elevation	
A		O	R	S		3508'	
^{16.} Multiple	^{17.} Pro	oposed Depth	18. Formation	19. Cont	ractor	^{20.} Spud Date	
YES		3860'	7 RVRS/QUEEN	TB	^{5}D	8/23/2022	
Depth to Ground water		Distance from	n nearest fresh water well		Distance to n	earest surface water	

We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Туре	e Hole Size Casing Size		Hole Size Casing Size		Hole Size Casing Size		Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	13"	10"	40#	466'	200 sxs	Surface				
Production	8.875"	7"	24#	3717'	500 sxs	1051'				
Open Hole	6.75"	n/a	n/a	3840'	n/a	n/a				

 Casing/Cement Program: Additional Comments	

22. Proposed Blowout Prevention Program

Туре	Working Pressure	Test Pressure	Manufacturer
Double Ram	3,000#	3,000#	Unknown

of my knowledge and belief.	given above is true and complete to the best	OIL CONSERVATION DIVISION			
I further certify that I have complied 19.15.14.9 (B) NMAC □, if applicab Signature:	1	Approved By: P Kaudz			
Printed name: VANESSA NEAL		Title:			
Title: SR RESERVOIR ENGINEER		Approved Date: 08/24/2022	Expiration Date: 08/24/2024		
E-mail Address: vanessa@faenergyus.com					
Date: 28 JUL 2022	Phone: 832-219-0990	Conditions of Approval Attached			

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Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u> 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						
¹ API Numbe	er	² Pool Code	³ Pool Name				
30-025-08854 24130		24130	EUNICE; 7 RVRs-QUEEN, SOUTH				
⁴ Property Code		⁵ Pr	operty Name	⁶ Well Number			
331161		STA	TE A A/C 2	#029			
⁷ OGRID No.	D No. Selevation Pane Selevation						
220226		EARHOD	DED ATINIC LLC	25002			

FAE II OPERATING, LLC 3508 329326 Surface Location Township Range N/S Line E/W Line UL - Lot Section Lot Idn Feet from Feet From County D 36E 660 660 W **LEA** 09 22S Ν ¹¹ Bottom Hole Location If Different From Surface UL - Lot Lot Idn N/S Line E/W Line Section Township Range Feet from Feet From County ⁴ Consolidation Code 12 Dedicated Acres ³ Joint or Infill Order No. Y 40

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			¹⁷ OPERATOR CERTIFICATION
			I hereby certify that the information contained herein is true and complete to
.099			the best of my knowledge and belief, and that this organization either owns a
9			working interest or unleased mineral interest in the land including the
—— <u></u>			
660',			proposed bottom hole location or has a right to drill this well at this location
	NIXI/A NIXI/A		pursuant to a contract with an owner of such a mineral or working interest,
	NW/4 NW/4		or to a voluntary pooling agreement or a compulsory pooling order
	Sec 09 (40 acres)		heretoforg entered by the division.
			7/28/2022
			Signature Date
			VANESSA NEAL
			Printed Name
			vanessa@faenergyus.com
			E-mail Address
			"CLIDATENOD CEDTIFICATION
			18SURVEYOR CERTIFICATION
			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 belief.
			Date of Survey
			1
			Signature and Seal of Professional Surveyor:
			C. C. A. M. J.
			Certificate Number

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WEL	L LOCATION AND A	CREAGE DEDICATION PLAT
	2 Pool Code	3 Dool Name

¹ API Number			² Po	ol Code	le ³ Pool Name					
30-025-08854			79	9240	JALMAT; TAN-YATES-7 RVRs (GAS)					
⁴ Property C	Code		•	5	Property Name			6 W€	⁶ Well Number	
331161	1			ST	ATE A A/C 2			1	#029	
⁷ OGRID N	No.			8	Operator Name			9 F	Clevation	
329326	5			FAE II (OPERATING,	LLC		3	3508'	
				10 Sur	face Location	n		•		
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
D	09	22S	36E		660	N	660	W	LEA	
			11 Bottom	Hole Locat	ion If Differe	ent From Sur	face			
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
12 Dedicated Acres	13 Joint o	r Infill	Consolidation Code	15 Order No.				•		
160	1	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		17 OPERATOR CERTIFICATION
.099		I hereby certify that the information contained herein is true and complete to
9		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
660'		proposed bottom hole location or has a right to drill this well at this location
		pursuant to a contract with an owner of such a mineral or working interest,
	NW/4	or to a voluntary pooling agreement or a compulsory pooling order
	Sec 09 (160 acres)	heretoffre entered by the division.
		7/28/2022
		VV III
		Signature Date
		VANESSA NEAL
		Printed Name
		vanessa@faenergyus.com
		E-mail Address
		18SURVEYOR CERTIFICATION
		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 belief.
		, , ,
		Date of Survey
		Signature and Seal of Professional Surveyor:
		Certificate Number

State of New Mexico Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description Effective May 25, 2021

I. Operator:	FAE II Operat	perating, LLC OGRID: 329326				_Date:	07/28	8/2022
II. Type: ☐ Original [☐ Amendment (due to □ 19.15.27	7.9.D(6)(a) NMA	C □ 19.15.27.9.D(e	6)(b) N	MAC ⊠	Other.	
If Other, please describe	e: <u>Pull 4-1//</u>	2" Liner; Sqz Csg	, DO BP, Acidize	Open Hole in State	e A A/C	2 #029; <u>I</u>	OHC Ja	almat & Eunice
III. Well(s): Provide the be recompleted from a s					vells pro	oposed to	be dril	led or proposed to
Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D		cipated MCF/D		Anticipated roduced Water BBL/D
STATE A A/C 2 #029	30-025-08854	D-09-22S-36E	660' FNL & 660' FWL	3	34			5
IV. Central Delivery P V. Anticipated Schedu proposed to be recomple	le: Provide the	following informagle well pad or con	ation for each new	ral delivery point.	rell or se	et of wells	propos	
Well Name	API	Spud Date	TD Reached Date	Completion Commencement		Initial F Back D		First Production Date
STATE A A/C 2 #029	30-025-08854	8/23/2022	8/23/2022	8/23/2022		8/29/20	22	8/30/2022
VI. Separation Equipm VII. Operational Prac Subsection A through F	ctices: 🛛 Attac	h a complete desc		•			-	
VIII. Best Managemen			ete description of	f Operator's best m	nanager	nent pract	ices to	minimize venting

Section 2 – Enhanced Plan <u>EFFECTIVE APRIL 1, 2022</u>

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☑ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. \square Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the
production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of
the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Li	ine Capacity	. The natural	gas gathering	system \square	will □ will	not have	capacity to	gather 1	100% of th	e anticipated	natural g	gas
produc	tion volume f	from the well	prior to the da	te of first p	production.							

XIII. Line Pressure. Operator \square does \square does not anticipate that its existing well(s) connected to the same segment, or portion, of the
natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

_		_					
1 1	Attach Or	nerator's n	lan to manage	e production i	n resnonse to	the increased	d line pressure

XIV. Confidentia	ity: 🗆 Operator	asserts confidentiality	y pursuant to	Section 7	1-2-8 NMSA	1978 for the	information	provided in
Section 2 as provi	ed in Paragraph (2	2) of Subsection D of	19.15.27.9 NM	IAC, and	attaches a full	description o	f the specific	information
for which confide	tiality is asserted	and the basis for such	assertion.					

Section 3 - Certifications Effective May 25, 2021

Effective friay 25, 2021
Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:
⊠ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or
□ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. If Operator checks this box, Operator will select one of the following:
Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or
Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including: (a) power generation on lease; (b) power generation for grid; (c) compression on lease; (d) liquids removal on lease; (e) reinjection for underground storage; (f) reinjection for temporary storage; (g) reinjection for enhanced oil recovery; (h) fuel cell production; and (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

- 1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:
- (a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or
- (b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.
- 2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

FAE II Operating, LLC ("FAE") Natural Gas Management Plan

VI. Separation Equipment

- Separation equipment is sized to allow for retention time and velocity to adequately separate oil, gas, and water at anticipated peak rates.
- Valves and meters are designed to service without flow interruption or venting of gas.
- Gas from treater and wellhead will be tied into the sales line.

VII. Operational Practices

19.15.27.8 (A)

FAE's field operations are designed with the goal of minimizing venting of natural gas. Wellhead and existing production equipment are tied into the gas sales line.

19.15.27.8 (B) Venting and Flaring during drilling operations

- Venting will only occur if there is an equipment malfunction and/or to avoid risk of an immediate and substantial adverse impact on safety, public health, or the environment.
- Daily vented volumes during drilling operations will be estimated on the daily report.
- All equipment will be available to process wellhead production upon completion of the well.

19.15.27.8 (C) Venting and Flaring during completions or recompletions operations.

- During all phases of flowback, wells will flow through a sand separator, or other appropriate
 flowback separation equipment, and the well stream will be directed to a central tank battery (CTB)
 through properly sized flowlines.
- The CTB will have properly sized separation equipment for maximum anticipated flowrates.
- All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks;
 vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from well is <60 MCFPD.

19.15.27.8 (D) Venting and Flaring during production operations.

- During production, the well stream will be routed to the CTB where multiple stages of separation will separate gas from liquids. All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from will is <60 MCFPD.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas sales volumes are recorded and monitored via EFMS.

19.15.27.8 (E) Performance Standards

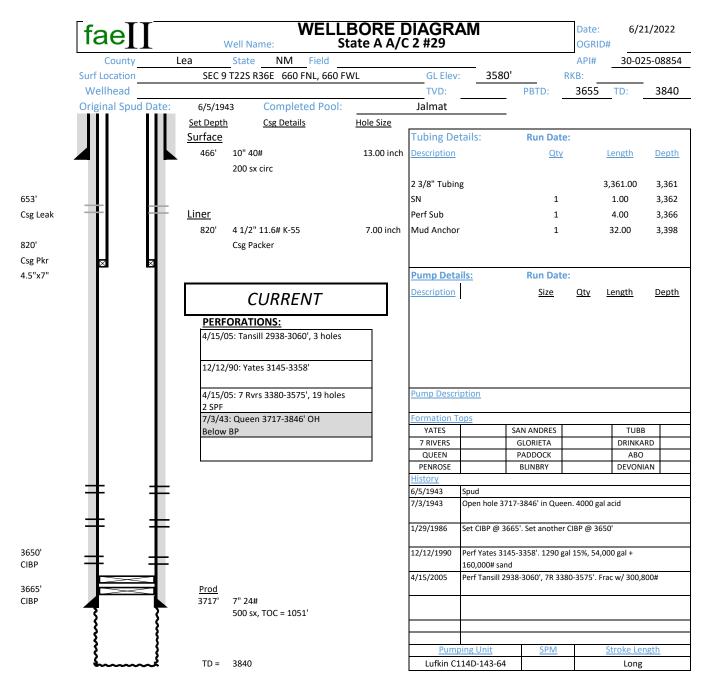
- Production equipment will be designed to handle maximum anticipated rates and pressure.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas/H2S detectors will be installed throughout the facilities and wellheads to detect leaks and enable timely repairs.

19.15.27.8 (F) Measurement or estimation of vented and flared natural gas

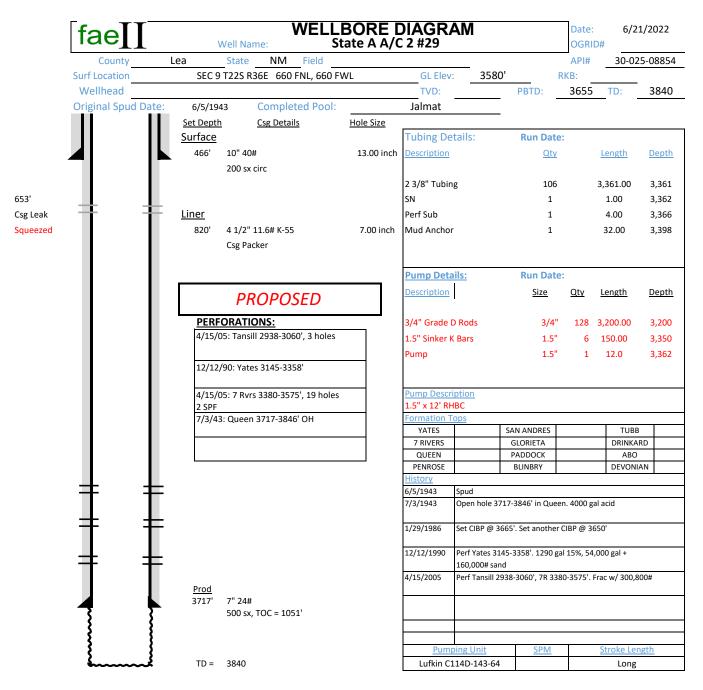
- All gas from wellhead and treater will be routed to a sales outlet.
- When metering is not practical due to low pressure/low rate (<60 MCFPD), the vented volume will be estimated based on annual GOR.

VIII. Best Management Practices

- FAE will use best management practices to vent as minimally as possible during well intervention operations and downhole well maintenance.
- All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from will is <60 MCFPD. All venting events will be recorded and all start-up, shutdown, maintenance logs will be kept for control equipment
- All equipment will be maintained to provide highest run-time possible.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas sales volumes are recorded and monitored via EFMS.
- All procedures are drafted to keep venting to the absolute minimum.



6/5/1943	Spud
7/3/1943	Open hole 3717-3846' in Queen. 4000 gal acid. IP 192 BOPD, 975 MCFD
6/6/1951	2000 gal mud acid. IP 66 BOPD
3/25/1961	Clean out to 3840'. Plug back to 3807' w/ pea gravel. Plug back to 3802 w/ 500# lead wool. Frac w/ 20,000 gal lease oil, 40,000# sand. IP 160 BOPD, 370 MCFD, 0 BWPD
7/25/1969	Perf Queen OH 3718-3788' and acidize w/ 2000 gal. IP 18 BOPD, 7 BW, 324 MCFD
1/29/1986	Set CIBP @ 3665'. Set another CIBP on wireline at 3650'
12/12/1990	Perf Yates 3145', 74',76', 3206' 33', 35', 56', 58', 92', 94', 3310', 56', 58'. Acidize w/ 1290 gal 15% NEFE. Frac w/ 53,830 gal + 160,000 # sand. IP 0 BOPD, 0 BWPD, 295 MCFD
4/15/2005	Perf Tansill 2938, 3008, 3060' 1 SPF, 3 holes. Perf 7 Rivers 3380', 3412', 3432', 3453', 3480' (1 JSPF) 3492', 3470', 3518', 3522', 3546', 3566', 3575' 2 SPF, 19 holes. Frac Tansill, Yates, 7R w/ 300,800#



History

6/5/1943	Spud
7/3/1943	Open hole 3717-3846' in Queen. 4000 gal acid. IP 192 BOPD, 975 MCFD
6/6/1951	2000 gal mud acid. IP 66 BOPD
3/25/1961	Clean out to 3840'. Plug back to 3807' w/ pea gravel. Plug back to 3802 w/ 500# lead wool. Frac w/ 20,000 gal lease oil, 40,000# sand. IP 160 BOPD, 370 MCFD, 0 BWPD
7/25/1969	Perf Queen OH 3718-3788' and acidize w/ 2000 gal. IP 18 BOPD, 7 BW, 324 MCFD
1/29/1986	Set CIBP @ 3665'. Set another CIBP on wireline at 3650'
12/12/1990	Perf Yates 3145', 74',76', 3206' 33', 35', 56', 58', 92', 94', 3310', 56', 58'. Acidize w/ 1290 gal 15% NEFE. Frac w/ 53,830 gal + 160,000 # sand. IP 0 BOPD, 0 BWPD, 295 MCFD
4/15/2005	Perf Tansill 2938, 3008, 3060' 1 SPF, 3 holes. Perf 7 Rivers 3380', 3412', 3432', 3453', 3480' (1 JSPF) 3492', 3470', 3518', 3522', 3546', 3566', 3575' 2 SPF, 19 holes. Frac Tansill, Yates, 7R w/ 300,800#

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

CONDITIONS

Action 129640

CONDITIONS

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 725	Action Number:
Houston, TX 77079	129640
	Action Type:
	[C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By		Condition Date
pkautz	None	8/24/2022