

RECEIVED:	REVIEWER:	TYPE:	APP NO:
-----------	-----------	-------	---------

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: <u>FAE II Operating, LLC</u>	OGRID Number: <u>329326</u>
Well Name: <u>Arnott Ramsay NCT-B #6</u>	API: <u>30-025-26278</u>
Pool: <u>Jalmat (Oil)</u>	Pool Code: <u>33820</u>

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location – Spacing Unit – Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PRORATION UNIT) SD
- B. Check one only for [I] or [II]
- [I] Commingling – Storage – Measurement
 DHC CTB PLC PC OLS OLM
- [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

FOR OCD ONLY
<input type="checkbox"/> Notice Complete
<input type="checkbox"/> Application Content Complete

3) **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.

David Schellstede
Print or Type Name

Signature

11/23/2020
Date

~~832~~ 832-220-3202
Phone Number

David@FAEnergyus.com
e-mail Address

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

Form C-107A
Revised August 1, 2011

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC

11757 Katy Fwy. Ste. 1000, Houston, TX 77079

Operator **Arnott Ramsay NCT-B** Address **J-32-25S-37E** **Lea**

Lease **329326** Well No. **326919** Unit Letter-Section-Township-Range **30-025-26278** County **X**

OGRID No. _____ Property Code _____ API No. _____ Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>Jalmat</i>		<i>Langlie Mattix</i>
Pool Code	<i>33820</i>		<i>37240</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<i>2,654' - 3,178'</i>		<i>3,248' - 3,545'</i>
Method of Production (Flowing or Artificial Lift)	<i>Artificial Lift</i>		<i>Artificial Lift</i>
Bottomhole Pressure <small>(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)</small>			
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	<i>35 API / 1.395 BTU</i>		<i>35 API / 1.395 BTU</i>
Producing, Shut-In or New Zone	<i>Producing</i>		<i>Producing</i>
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	<i>See Attached</i> Date: Rates:	Date: Rates:	<i>See Attached</i> Date: Rates:
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil <i>47 %</i> Gas <i>83 %</i>	Oil <i>%</i> Gas <i>%</i>	Oil <i>53 %</i> Gas <i>17 %</i>

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

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 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 *M Bates* TITLE *Engineering Tech* DATE *11/23/20*

TYPE OR PRINT NAME *Marshall Bates* TELEPHONE NO. *(832) 241-8080*

E-MAIL ADDRESS *Marshall@FAEenergy.com*

faeIIoperating

December 2, 2020

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

Re: Arnott Ramsay NCT-B Lease
Arnott Ramsay NCT-B #6: API 30-025-26278
Jalmat Pool: 33820
Langlie Mattix Pool: 37240

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 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 phone at (832) 219-0809 or by email at rebecca@faenergyus.com. Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Rebecca Wing
Land

fae II Operating

November 20, 2020

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 Downhole Commingle and Sell Oil and Gas Production from the Langlie Mattix Pool for the Arnott Ramsay NCT-B #6 well located in Sec. 32, T-25S, R-37E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for downhole commingling of oil and gas production from the Langlie Mattix Pool for its Arnott Ramsay NCT-B #6 well located in Unit Letter J, Section 32, T-25S, R-37E, 1,990 feet FSL and 1,980 feet FEL, as shown in the attached C-102's for each zone.

The Arnott Ramsay NCT-B #6 is currently open to the Yates-Seven Rivers-Queen zone, which translates to both the JALMAT; TAN-YATES-7 RVRS pool [Pool ID: 79240]. The production curve for this zone is shown in Exhibit A. To develop a production forecast, a decline curve was utilized based on the well's historical production within the zone.

The other zone that has production history in the Arnott Ramsay NCT-B #6 is the Seven Rivers-Queen, which translates to the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a production forecast, four (4) surrounding wells with historical production from the Seven Rivers-Queen were used as an offset by taking the average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit B. From there, a decline curve was utilized based on the aforementioned historical production. Furthermore, Geology studied an Arnott Ramsay NCT-B #6 log, Attachment A, and also correlated it with other logs in the surrounding area to help determine the location of the new perforations in the Seven Rivers-Queen zone for the Arnott Ramsay NCT-B #6.

Overall, the forecast for the proposed downhole commingled production was formed by combining the forecasts for both zones, as shown in the Synthetic Decline Curve column of Exhibit D. This forecast for the Arnott Ramsay NCT-B #6 proved that an IP of 10.2 BOPD and 40 MCFPD is the expected total, and of that, 5.2 BOPD and 6 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 5.0 BOPD and 34 MCFPD with the additional intervals that will be opened up. This information along with the percentage allocation across the zones is shown 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 there are further questions concerning this application, please feel free to contact the undersigned by email at marshall@faenergyus.com or by telephone at (832) 241-8080.

Very truly yours,



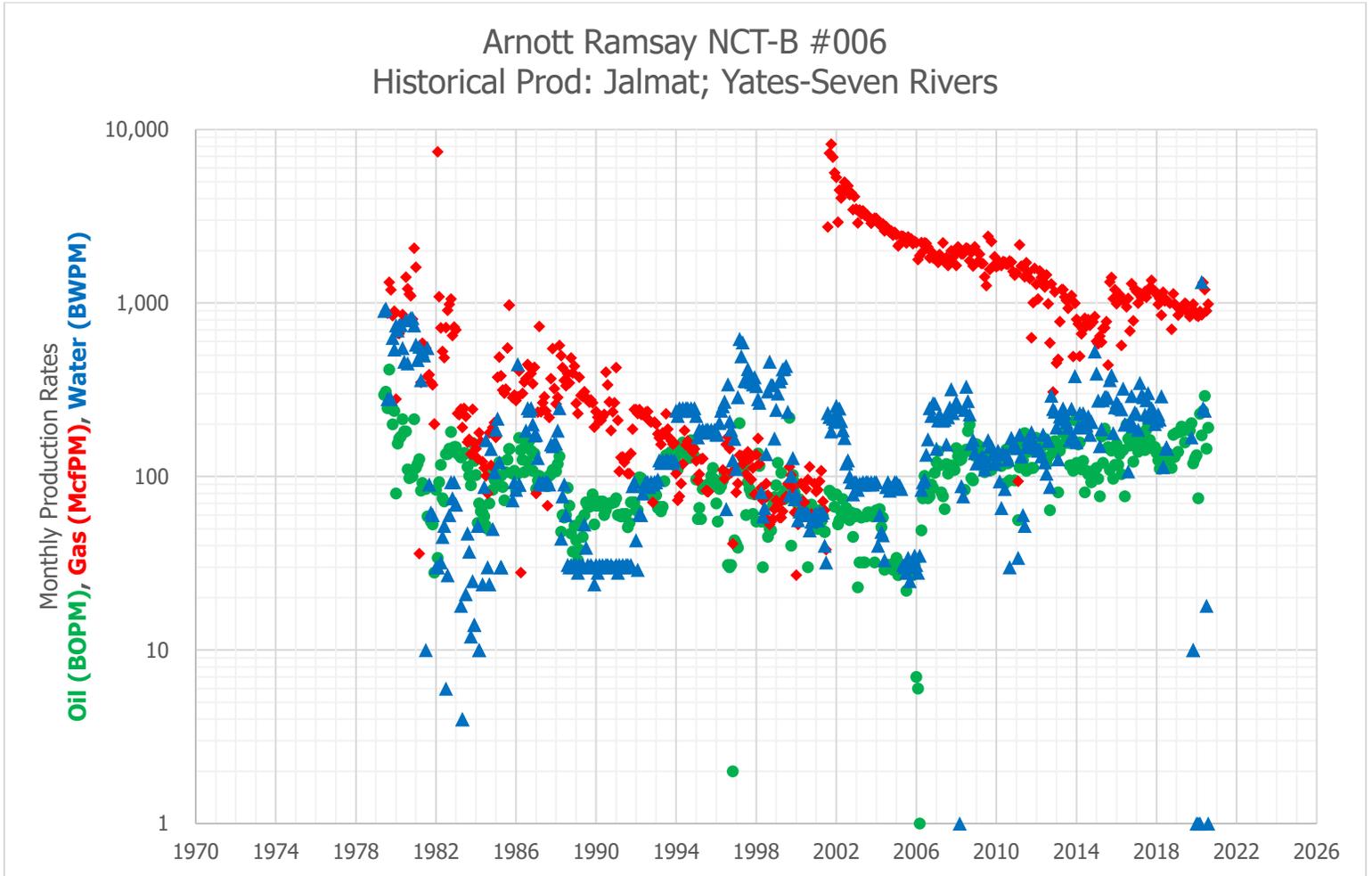
FAE II Operating, LLC

Received by OCD: 12/2/2020 3:50:23 PM

Released to Imaging: 1/8/2021 5:24:52 PM

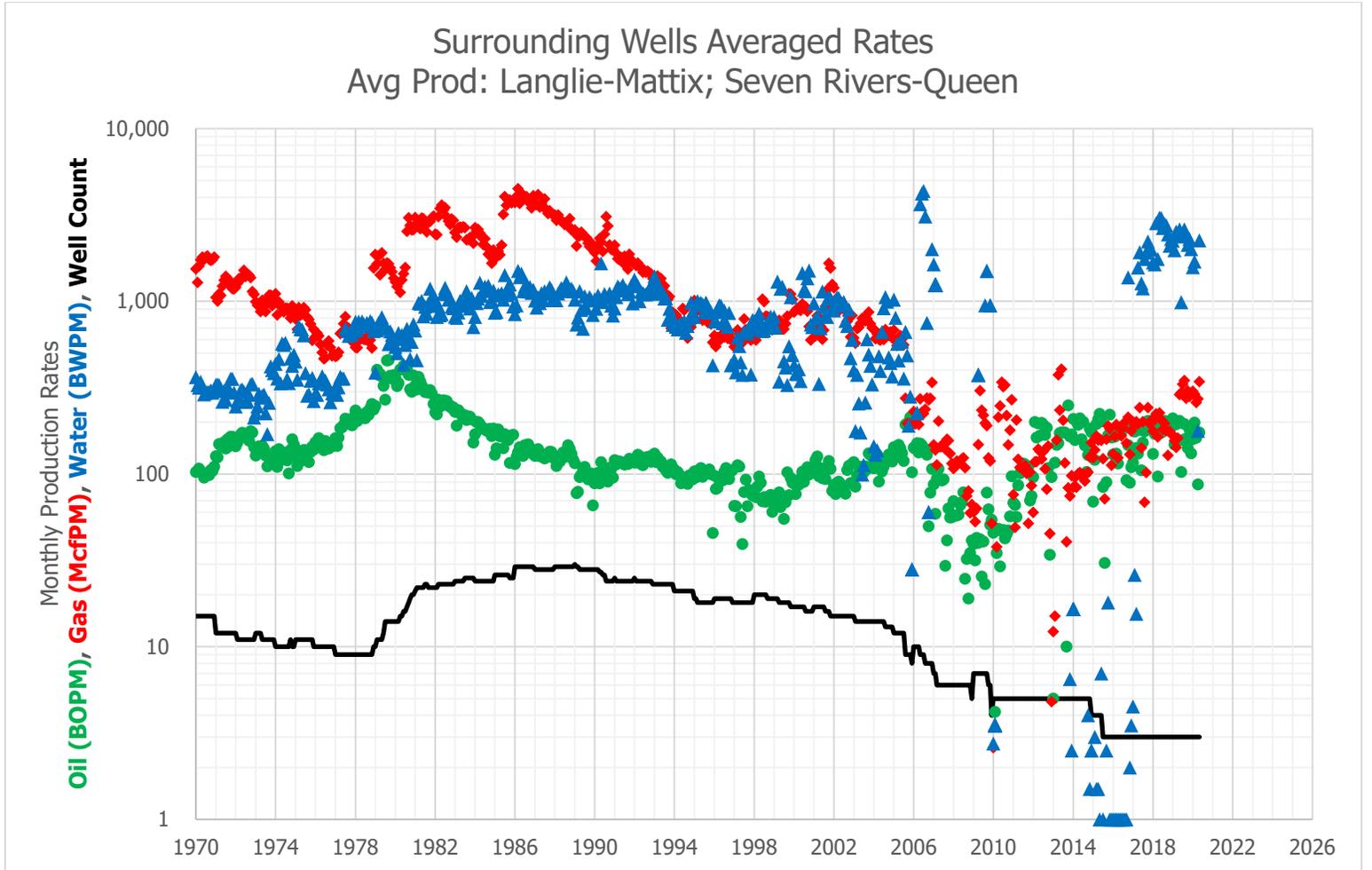
faeIIoperating

Exhibit A – Historical and Forecast Production in the Current Zone



faeIIoperating

Exhibit B – Historical Average Production in the Proposed Zone



fae II Operating

Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates					Arnett Ramsay NCT-B #006				Synthetic Decline Curve			
Avg Prod: Langlie-Mattix; Seven Rivers-Queen					Historical Prod: Jalmat; Yates-Seven Rivers							
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1/1/2015	69	124	-	4	1/1/2015	112	602	392	1	312.0	1,223	1,372
2/1/2015	121	138	3	4	2/1/2015	97	582	274	2	310.5	1,219	1,367
3/1/2015	195	166	2	4	3/1/2015	77	646	150	3	309.0	1,216	1,363
4/1/2015	208	157	2	4	4/1/2015	170	596	188	4	307.6	1,213	1,358
5/1/2015	223	160	1	4	5/1/2015	120	715	276	5	306.1	1,210	1,354
6/1/2015	202	156	7	4	6/1/2015	189	720	287	6	304.6	1,207	1,350
7/1/2015	84	122	1	3	7/1/2015	176	781	288	7	303.2	1,204	1,345
8/1/2015	31	72	1	3	8/1/2015	148	439	284	8	301.7	1,201	1,341
9/1/2015	90	159	3	3	9/1/2015	109	1,323	360	9	300.3	1,198	1,336
10/1/2015	168	189	18	3	10/1/2015	141	1,406	384	10	298.8	1,195	1,332
11/1/2015	221	182	1	3	11/1/2015	97	1,060	178	11	297.4	1,192	1,328
12/1/2015	163	112	1	3	12/1/2015	117	1,193	251	12	296.0	1,189	1,323
1/1/2016	130	130	1	3	1/1/2016	154	989	268	13	294.6	1,186	1,319
2/1/2016	165	165	1	3	2/1/2016	117	1,116	259	14	293.2	1,183	1,314
3/1/2016	131	193	1	3	3/1/2016	135	1,115	249	15	291.8	1,180	1,310
4/1/2016	115	124	1	3	4/1/2016	103	570	244	16	290.4	1,178	1,306
5/1/2016	184	183	1	3	5/1/2016	142	1,034	321	17	289.0	1,175	1,302
6/1/2016	174	166	1	3	6/1/2016	77	1,026	200	18	287.6	1,172	1,297
7/1/2016	187	185	1	3	7/1/2016	199	951	-	19	286.2	1,169	1,293
8/1/2016	189	199	1	3	8/1/2016	165	1,065	107	20	284.9	1,166	1,289
9/1/2016	92	151	1	3	9/1/2016	151	691	208	21	283.5	1,163	1,285
10/1/2016	147	213	1,375	3	10/1/2016	176	1,294	292	22	282.1	1,160	1,280
11/1/2016	89	129	2	3	11/1/2016	122	789	196	23	280.8	1,157	1,276
12/1/2016	110	177	4	3	12/1/2016	159	1,207	234	24	279.4	1,154	1,272
1/1/2017	116	200	5	3	1/1/2017	166	1,163	230	25	278.1	1,151	1,268
2/1/2017	176	191	26	3	2/1/2017	139	996	186	26	276.8	1,148	1,264
3/1/2017	142	201	16	3	3/1/2017	170	1,142	347	27	275.5	1,146	1,259
4/1/2017	131	194	1,566	3	4/1/2017	158	1,074	294	28	274.1	1,143	1,255
5/1/2017	180	242	1,919	3	5/1/2017	150	1,116	287	29	272.8	1,140	1,251
6/1/2017	105	141	1,271	3	6/1/2017	142	1,163	227	30	271.5	1,137	1,247
7/1/2017	152	201	1,185	3	7/1/2017	186	1,078	275	31	270.2	1,134	1,243
8/1/2017	177	69	1,758	3	8/1/2017	203	1,169	303	32	268.9	1,131	1,239
9/1/2017	198	102	1,911	3	9/1/2017	163	1,228	219	33	267.6	1,129	1,235
10/1/2017	203	242	2,216	3	10/1/2017	147	1,355	248	34	266.4	1,126	1,231
11/1/2017	203	196	2,040	3	11/1/2017	145	1,196	240	35	265.1	1,123	1,227
12/1/2017	184	205	1,986	3	12/1/2017	148	1,173	201	36	263.8	1,120	1,223
1/1/2018	131	177	1,675	3	1/1/2018	137	1,123	209	37	262.6	1,117	1,219
2/1/2018	171	206	1,633	3	2/1/2018	124	981	228	38	261.3	1,115	1,215
3/1/2018	196	223	2,831	3	3/1/2018	111	1,061	213	39	260.1	1,112	1,211
4/1/2018	97	163	1,752	3	4/1/2018	118	853	290	40	258.8	1,109	1,207
5/1/2018	203	226	3,039	3	5/1/2018	138	1,157	114	41	257.6	1,106	1,203
6/1/2018	173	206	3,026	3	6/1/2018	134	1,030	-	42	256.4	1,103	1,199
7/1/2018	187	181	2,651	3	7/1/2018	112	1,039	146	43	255.1	1,101	1,195
8/1/2018	203	196	2,795	3	8/1/2018	136	1,020	-	44	253.9	1,098	1,191
9/1/2018	192	178	2,745	3	9/1/2018	127	998	-	45	252.7	1,095	1,187
10/1/2018	183	128	2,438	3	10/1/2018	112	707	-	46	251.5	1,092	1,183
11/1/2018	202	177	2,092	3	11/1/2018	174	1,131	-	47	250.3	1,090	1,179
12/1/2018	187	171	2,294	3	12/1/2018	130	987	-	48	249.1	1,087	1,175
1/1/2019	210	168	2,240	3	1/1/2019	179	962	-	49	247.9	1,084	1,171
2/1/2019	148	156	1,971	3	2/1/2019	139	853	-	50	246.7	1,082	1,168
3/1/2019	194	142	2,528	3	3/1/2019	181	919	-	51	245.5	1,079	1,164
4/1/2019	198	161	2,436	3	4/1/2019	194	930	-	52	244.4	1,076	1,160
5/1/2019	203	288	2,609	3	5/1/2019	184	930	-	53	243.2	1,073	1,156
6/1/2019	103	295	986	3	6/1/2019	157	998	-	54	242.0	1,071	1,152
7/1/2019	157	330	2,371	3	7/1/2019	186	982	-	55	240.9	1,068	1,149
8/1/2019	195	348	2,602	3	8/1/2019	193	878	-	56	239.7	1,065	1,145
9/1/2019	160	274	2,403	3	9/1/2019	184	835	-	57	238.6	1,063	1,141
10/1/2019	141	302	2,120	3	10/1/2019	203	900	168	58	237.4	1,060	1,137
11/1/2019	181	281	2,293	3	11/1/2019	119	985	10	59	236.3	1,058	1,134
12/1/2019	132	294	2,000	3	12/1/2019	127	895	-	60	235.2	1,055	1,130
1/1/2020	159	301	1,572	3	1/1/2020	133	849	1				
2/1/2020	198	290	1,693	3	2/1/2020	75	838	1				
3/1/2020	162	259	1	3	3/1/2020	230	895	1				
4/1/2020	87	272	178	3	4/1/2020	173	854	1,324				
5/1/2020	174	342	2,248	3	5/1/2020	239	1,313	248				
					6/1/2020	291	1,197	240				

faeIIoperating

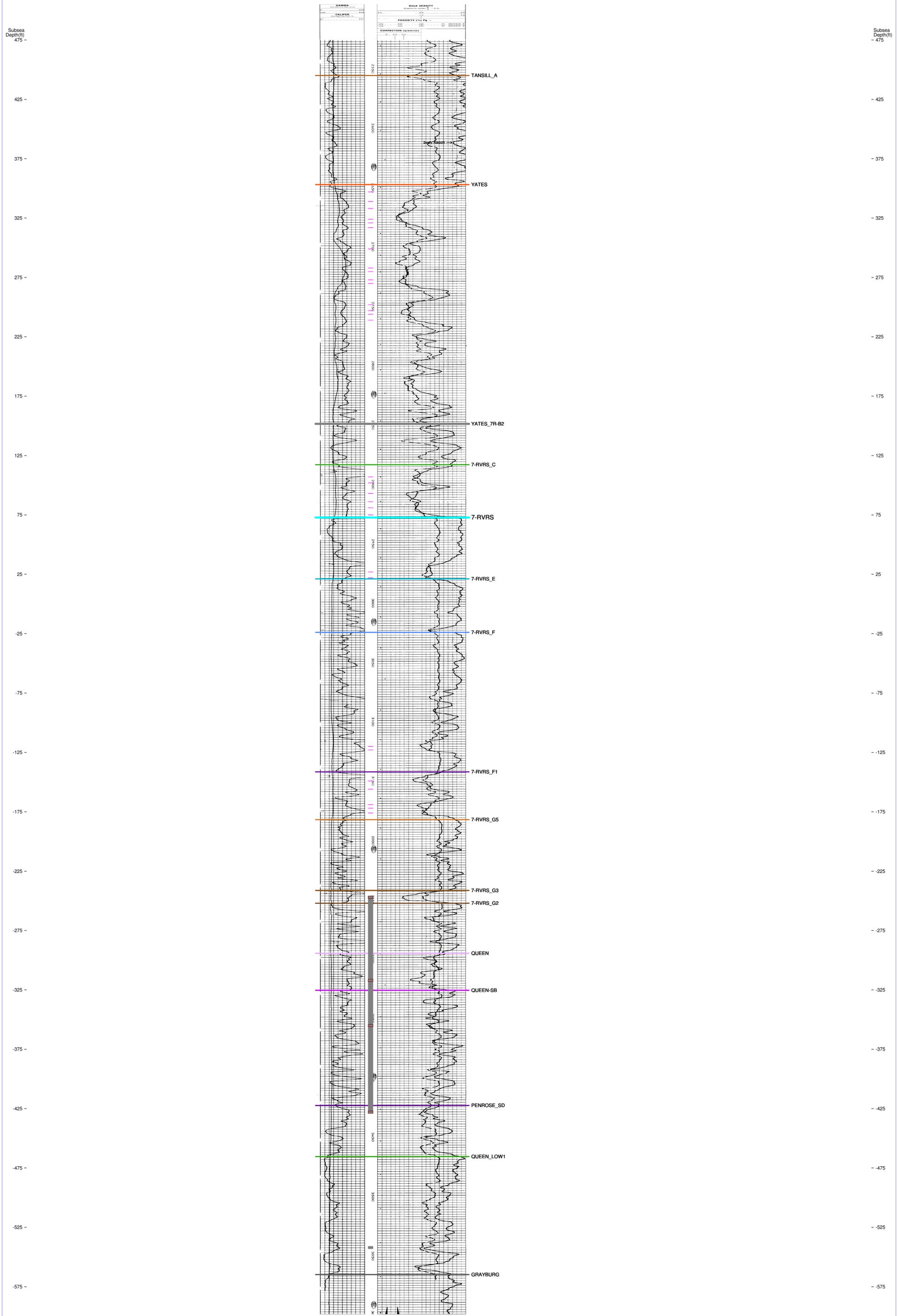
Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Jalmat	Yates-Seven Rivers	5.0	34	5
Langlie Mattix	Seven Rivers-Queen	5.2	6	40
	Total	10.2	40	45
Jalmat	Yates-Seven Rivers	47%	83%	11%
Langlie Mattix	Seven Rivers-Queen	53%	17%	89%
	Total (%)	100%	100%	100%

Attachment A - Well Log

30025262780000
FAE II Operating LLC

ARNOTT RAMSAY NCT-B 6
SPUD DATE: 4/6/1979
T25S R37E S32



District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-26278	Pool Code 33820	Pool Name Jalmat (T-Y-7R) Oil
Property Code 326919	Property Name Arnott Ramsay NCT-B	Well Number 6
GRID No. 329326	Operator Name FAE II Operating, LLC	Elevation 2984' GR

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
J	32	25S	37E		1990'	South	1980'	East	Lea

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
Dedicated Acres 40	Joint or Infill N	Consolidation Code	Order No.						

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

<div data-bbox="227 1417 462 1522" style="border: 1px solid black; padding: 5px;"> Arnott Ramsay NCT-B #6 1990' FSL & 1980' FEL (J) Sec. 32, T-25-S. R-37-E </div>	<p>OPERATOR 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><i>M Bates</i></p> <p>Signature Marshall Bates</p> <p>Printed Name Engineering Tech</p> <p>Title</p> <p>Date 11/23/20</p>
	<p>SURVEYOR CERTIFICATION</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 belief</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p> <p>Certificate Number</p>

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-26278	Pool Code 37240	Pool Name Langlie Mattix
Property Code 326919	Property Name Arnott Ramsay NCT-B	Well Number 6
GRID No. 329326	Operator Name FAE II Operating, LLC	Elevation 2984' GR

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
J	32	25S	37E		1990'	South	1980'	East	Lea

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County

Dedicated Acres 40	Joint or Infill N	Consolidation Code	Order No.
-----------------------	----------------------	--------------------	-----------

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

<div data-bbox="228 1423 456 1528" style="border: 1px solid black; padding: 5px;"> Arnott Ramsay NCT-B #6 1990' FSL & 1980' FEL (J) Sec. 32, T-25-S. R-37-E </div>	<p>OPERATOR 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><i>M Bates</i></p> <p>Signature Marshall Bates</p> <p>Printed Name Engineering Tech</p> <p>Title</p> <p>Date 11/23/20</p>
	<p>SURVEYOR CERTIFICATION</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 belief</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

From: [Engineer, OCD, EMNRD](#)
To: [Marshall Bates](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); lisa@rwbyram.com; [Holm, Anchor E.; Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5090
Date: Friday, January 8, 2021 5:14:07 PM
Attachments: [DHC5090 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5090 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Arnott Ramsay NCT B #20 (30-025-47990) well.

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.

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 DOWNHOLE COMMINGLING
SUBMITTED BY FAE II OPERATING, LLC**

ORDER NO. DHC-5090

ORDER

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. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
7. 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

8. 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.
9. 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.
10. The bottom perforation of the lower zone is within one hundred fifty (150) percent of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

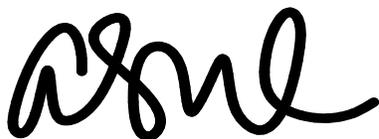
proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

- 11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
- 12. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
- 13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

- 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 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.
- 4. 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.
- 5. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AS/dm

DATE: 1/08/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5090**

Operator: **FAE II Operating, LLC**

Operator OGRID: **329326**

Well Name: **Arnott Ramsay NCT B #20**

Well API: **30-025-47990**

Pool Name: **JALMAT;TAN-YATES-7 RVRS (OIL)**

Upper Zone

Pool ID: **33820**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **47%**

Gas: **71%**

Pool Name:

Intermediate Zone

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Pool Name: **LANGLIE MATTIX;7 RVRS-Q-GRAYBURG**

Lower Zone

Pool ID: **37240**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **53%**

Gas: **29%**

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

Action 11398

CONDITIONS OF APPROVAL

Operator:	FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	OGRID:	329326	Action Number:	11398	Action Type:	C-107A
-----------	----------------------	--------------------------------	------------------	--------	--------	----------------	-------	--------------	--------

OCD Reviewer	Condition
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.