

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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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: FAE II Operating, LLC **OGRID Number:** 329326
Well Name: Arnott Ramsay NCT-B #009 **API:** 30-025-26757
Pool: Jalmat **Pool Code:** 33820

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

1/12/2021
Date

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

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

Form C-107A
Revised August 1, 2011

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 **K-32-25S-37E** **Lea**
Well No. **9** Unit Letter-Section-Township-Range **30-025-269757** County **X**
Lease **329326** Well No. **326919** Unit Letter-Section-Township-Range **30-025-269757** 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>3,100 – 3,240'</i>		<i>3,240' – 3,680'</i>
Method of Production (Flowing or Artificial Lift)	<i>Artificial Lift</i>		<i>Artificial Lift</i>
Bottomhole Pressure (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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<i>33.1 API / 1.049 BTU</i>		<i>33.1 API / 1.049 BTU</i>
Producing, Shut-In or New Zone	<i>Producing</i>		<i>Producing</i>
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	<i>See Attached</i> Date: Rates:	Date: Rates:	<i>See Attached</i> Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <i>40 %</i> Gas <i>72 %</i>	Oil % Gas %	Oil <i>60 %</i> Gas <i>28 %</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 Marshall Bates TITLE Engineering Tech DATE 1/13/2021
TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 241-8080
E-MAIL ADDRESS Marshall@FAEnergyus.com

fae II operating

December 9, 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 #009: API 30-025-26757
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

January 12, 2021

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 Jalmat and Langlie Mattix Pools for the Arnott Ramsay NCT-B #9 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 Jalmat and Langlie Mattix Pools for its Arnott Ramsay NCT-B #9 well located in Unit Letter K, Section 32, T-25S, R-37E, 1,980 feet FSL and 1,980 feet FWL, as shown in the attached C-102's for each zone.

The Arnott Ramsay NCT-B #9 is currently open to the Yates-Seven Rivers interval, which translates to the JALMAT; TAN-YATES-7 RVRS pool [Pool ID: 33820]. The production curve for this interval is shown in Exhibit A. To develop a forecast for this zone, a decline curve was utilized based on the aforementioned historical production.

The zone that does not have production history in the Arnott Ramsay NCT-B #9 is the Seven Rivers-Queen, which translates to the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a forecast for this zone, four (4) surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the Arnott Ramsay NCT-B #9 by taking the historical 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.

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 C. This forecast for the Arnott Ramsay NCT-B #9 proved that an IP of 9.0 BOPD and 24.0 MCFPD is the expected total, and of that, 5.2 BOPD and 6.4 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 3.7 BOPD and 17.6 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,



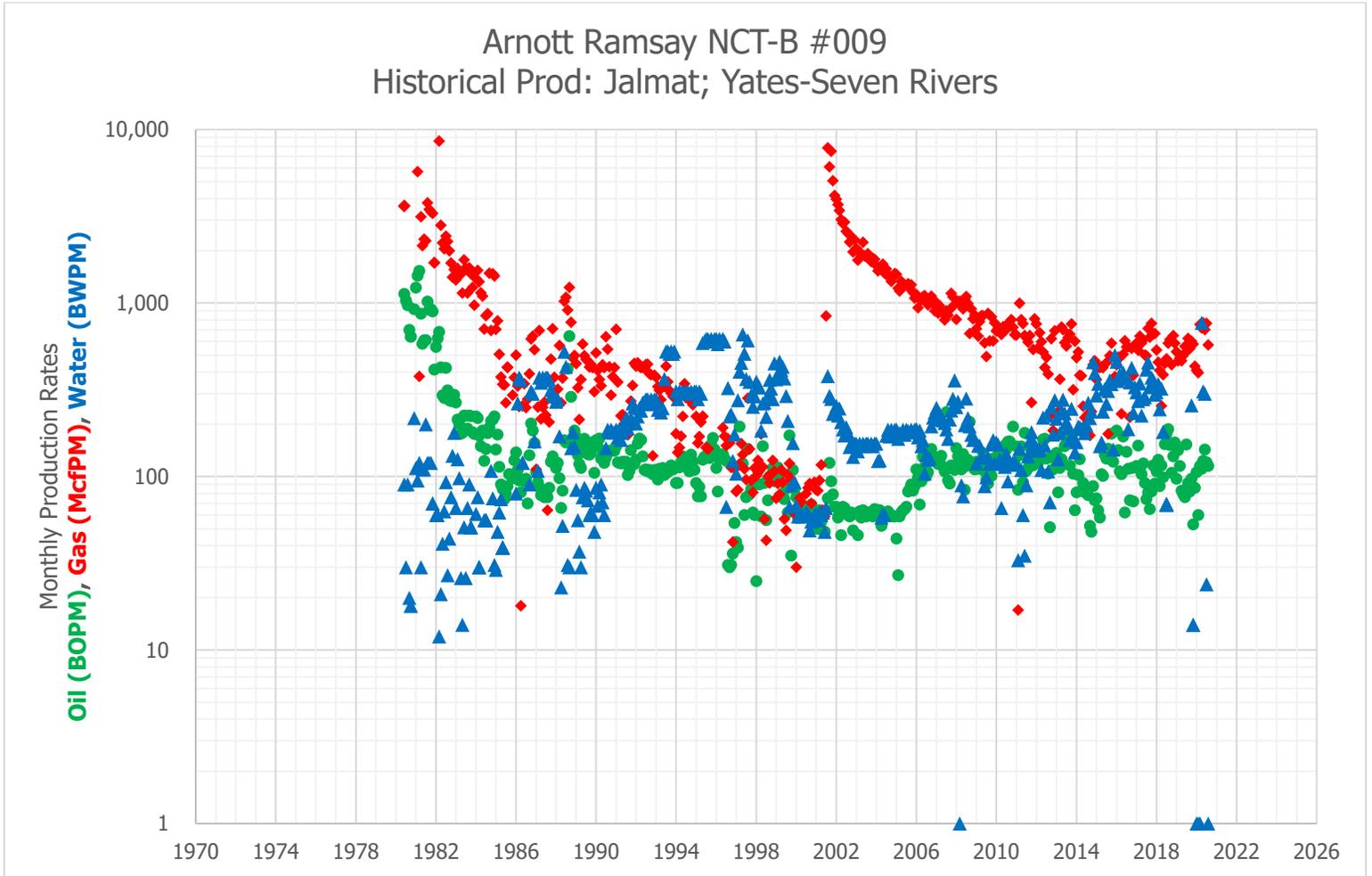
FAE II Operating, LLC

Received by OCD: 1/14/2021 10:21:47 AM

Released to Imaging: 3/8/2021 5:08:02 PM

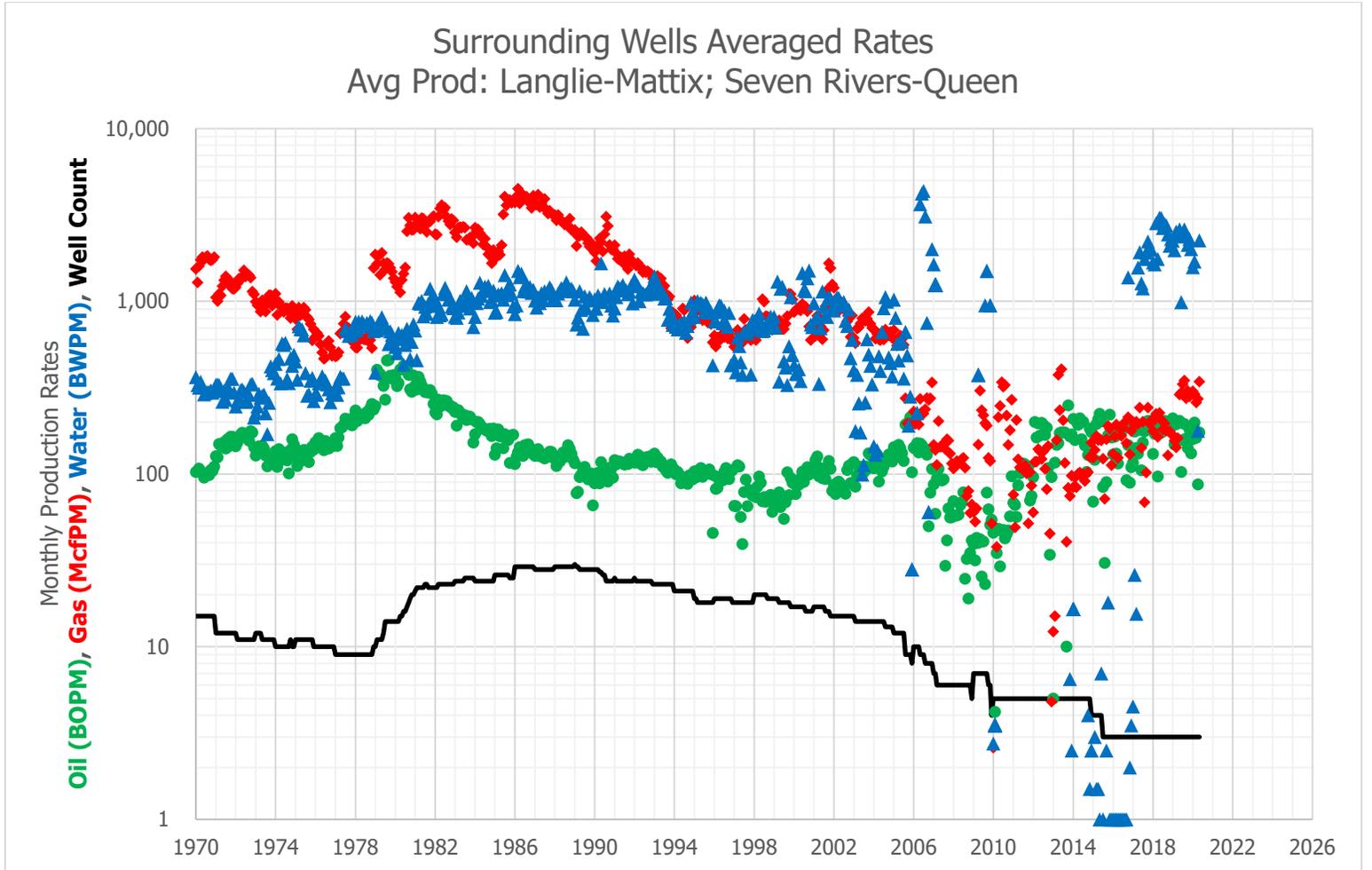
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Exhibit A – Historical and Forecast Production in the Current Zone



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Exhibit B – Historical Average Production in the Proposed Zone



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Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates					Arnett Ramsay NCT-B #009				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	75	362	294	1	272.8	729	1,410
2/1/2015	121	138	3	4	2/1/2015	64	429	343	2	271.5	727	1,405
3/1/2015	195	166	2	4	3/1/2015	58	425	150	3	270.2	726	1,401
4/1/2015	208	157	2	4	4/1/2015	103	430	157	4	268.9	724	1,396
5/1/2015	223	160	1	4	5/1/2015	101	424	237	5	267.6	722	1,391
6/1/2015	202	156	7	4	6/1/2015	134	304	319	6	266.3	720	1,387
7/1/2015	84	122	1	3	7/1/2015	127	452	262	7	265.0	718	1,382
8/1/2015	31	72	1	3	8/1/2015	145	176	312	8	263.8	717	1,378
9/1/2015	90	159	3	3	9/1/2015	129	498	359	9	262.5	715	1,373
10/1/2015	168	189	18	3	10/1/2015	177	587	341	10	261.3	713	1,369
11/1/2015	221	182	1	3	11/1/2015	122	348	143	11	260.0	711	1,364
12/1/2015	163	112	1	3	12/1/2015	140	376	502	12	258.8	710	1,360
1/1/2016	130	130	1	3	1/1/2016	184	441	459	13	257.5	708	1,355
2/1/2016	165	165	1	3	2/1/2016	142	489	356	14	256.3	706	1,351
3/1/2016	131	193	1	3	3/1/2016	107	486	388	15	255.1	704	1,346
4/1/2016	115	124	1	3	4/1/2016	103	230	380	16	253.9	702	1,342
5/1/2016	184	183	1	3	5/1/2016	170	507	399	17	252.6	701	1,338
6/1/2016	174	166	1	3	6/1/2016	62	608	369	18	251.4	699	1,333
7/1/2016	187	185	1	3	7/1/2016	139	558	-	19	250.2	697	1,329
8/1/2016	189	199	1	3	8/1/2016	111	562	188	20	249.0	695	1,324
9/1/2016	92	151	1	3	9/1/2016	73	220	349	21	247.8	694	1,320
10/1/2016	147	213	1,375	3	10/1/2016	112	549	423	22	246.7	692	1,316
11/1/2016	89	129	2	3	11/1/2016	72	384	233	23	245.5	690	1,311
12/1/2016	110	177	4	3	12/1/2016	113	574	327	24	244.3	689	1,307
1/1/2017	116	200	5	3	1/1/2017	115	587	306	25	243.1	687	1,303
2/1/2017	176	191	26	3	2/1/2017	151	534	272	26	242.0	685	1,299
3/1/2017	142	201	16	3	3/1/2017	111	646	344	27	240.8	683	1,294
4/1/2017	131	194	1,566	3	4/1/2017	103	589	225	28	239.7	682	1,290
5/1/2017	180	242	1,919	3	5/1/2017	119	614	280	29	238.5	680	1,286
6/1/2017	105	141	1,271	3	6/1/2017	92	501	287	30	237.4	678	1,282
7/1/2017	152	201	1,185	3	7/1/2017	74	497	413	31	236.2	677	1,277
8/1/2017	177	69	1,758	3	8/1/2017	81	715	454	32	235.1	675	1,273
9/1/2017	198	102	1,911	3	9/1/2017	65	635	328	33	234.0	673	1,269
10/1/2017	203	242	2,216	3	10/1/2017	82	763	372	34	232.9	672	1,265
11/1/2017	203	196	2,040	3	11/1/2017	116	665	360	35	231.8	670	1,261
12/1/2017	184	205	1,986	3	12/1/2017	91	667	297	36	230.7	668	1,256
1/1/2018	131	177	1,675	3	1/1/2018	107	537	306	37	229.6	667	1,252
2/1/2018	171	206	1,633	3	2/1/2018	125	456	342	38	228.5	665	1,248
3/1/2018	196	223	2,831	3	3/1/2018	88	409	244	39	227.4	663	1,244
4/1/2018	97	163	1,752	3	4/1/2018	116	256	321	40	226.3	662	1,240
5/1/2018	203	226	3,039	3	5/1/2018	99	386	181	41	225.2	660	1,236
6/1/2018	173	206	3,026	3	6/1/2018	154	450	-	42	224.1	658	1,232
7/1/2018	187	181	2,651	3	7/1/2018	176	477	69	43	223.0	657	1,228
8/1/2018	203	196	2,795	3	8/1/2018	188	586	-	44	222.0	655	1,224
9/1/2018	192	178	2,745	3	9/1/2018	152	616	-	45	220.9	653	1,220
10/1/2018	183	128	2,438	3	10/1/2018	105	441	-	46	219.9	652	1,216
11/1/2018	202	177	2,092	3	11/1/2018	131	649	-	47	218.8	650	1,212
12/1/2018	187	171	2,294	3	12/1/2018	157	587	-	48	217.8	648	1,208
1/1/2019	210	168	2,240	3	1/1/2019	97	525	-	49	216.7	647	1,204
2/1/2019	148	156	1,971	3	2/1/2019	142	465	-	50	215.7	645	1,200
3/1/2019	194	142	2,528	3	3/1/2019	115	482	-	51	214.7	644	1,196
4/1/2019	198	161	2,436	3	4/1/2019	83	465	-	52	213.6	642	1,192
5/1/2019	203	288	2,609	3	5/1/2019	79	500	-	53	212.6	640	1,188
6/1/2019	103	295	986	3	6/1/2019	76	563	-	54	211.6	639	1,184
7/1/2019	157	330	2,371	3	7/1/2019	153	526	-	55	210.6	637	1,180
8/1/2019	195	348	2,602	3	8/1/2019	92	625	-	56	209.6	636	1,176
9/1/2019	160	274	2,403	3	9/1/2019	82	546	-	57	208.6	634	1,173
10/1/2019	141	302	2,120	3	10/1/2019	97	602	257	58	207.6	632	1,169
11/1/2019	181	281	2,293	3	11/1/2019	53	580	14	59	206.6	631	1,165
12/1/2019	132	294	2,000	3	12/1/2019	86	432	-	60	205.6	629	1,161
1/1/2020	159	301	1,572	3	1/1/2020	106	409	1				
2/1/2020	198	290	1,693	3	2/1/2020	60	397	1				
3/1/2020	162	259	1	3	3/1/2020	115	753	1				
4/1/2020	87	272	178	3	4/1/2020	111	720	769				
5/1/2020	174	342	2,248	3	5/1/2020	123	770	310				
					6/1/2020	143	702	300				

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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	3.7	17.6	6.7
Langlie Mattix	Seven Rivers-Queen	5.2	6.4	39.6
	Total	9.0	24.0	46.4
Jalmat	Yates-Seven Rivers	40%	72%	14%
Langlie Mattix	Seven Rivers-Queen	60%	28%	86%
	Total (%)	100%	100%	100%

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-26757	Pool Code 33820	Pool Name Jalmat (Tansill-Yates-Seven Rivers) Oil
Property Code 326 919	Property Name Arnott Ramsay NCT-B	Well Number 9
OGRID No. 329326	Operator Name FAE II Operating, LLC	Elevation 2983' 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
K	32	25S	37E		1980'	South	1980'	West	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.
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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

	<p>16</p>	<p>OPERATOR CERTIFICATION 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 _____ Printed Name <u>Marshall Bates</u> Title <u>Engineering Tech</u> Date <u>1/12/2021</u></p>
	<p>Arnott Ramsay NCT-B #9 1980' FSL & 1980' FWL (K) Sec. 32, T-25-S, R-37-E</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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-26757	Pool Code 37240	Pool Name Langlie Mattix
Property Code 326919	Property Name Amott Ramsay NCT-B	Well Number 9
GRID No. 329326	Operator Name FAE II Operating, LLC	Elevation 2983' GR

Surface Location

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

	<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 1/12/2021</p> <p>Date</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: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXT] RE: downhole commingling application DHC-5107
Date: Wednesday, February 3, 2021 3:36:42 PM

Mr. McClure,

Here is the certified mail tracking number: 7020 0640 0000 9346 8331

Thank you!

Marshall Bates
Forty Acres Energy
11757 Katy Fwy. Ste. 1000
Houston, TX 77079

From: [McClure, Dean, EMNRD](#)
Sent: Tuesday, January 19, 2021 3:15 PM
To: [Marshall Bates](#)
Subject: downhole commingling application DHC-5107

Mr. Bates,

I am reviewing the downhole commingling application (DHC-5107) for the Arnott Ramsay NCT B #9 (30-025-26757) operated by FAE II Operating, LLC (329326).

Please submit the tracking number for the certified mail sent to the NMSLO notifying them of the application.

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

From: [McClure, Dean, EMNRD](#)
To: [Marshall Bates](#)
Subject: DHC-5107 application
Date: Thursday, March 4, 2021 4:02:00 PM

Mr. Bates,

Upon review of the Arnott Ramsay NCT B #9 (30-025-26757), OCD's District Geologist has identified the top of the Queen formation at 3,341 feet. This then stipulates that the pool boundary between the Jalmat and Langlie Mattix pools resides at 3,241 feet. Please take note of this change for future reference.

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

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-5107
Date: Monday, March 8, 2021 4:50:57 PM
Attachments: [DHC5107 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5107 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Arnott Ramsay NCT B #9 well (30-025-26757).

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

Notice

Order: **DHC-5107**

Operator: **FAE II Operating, LLC (329326)**

Publication Date:

Date Sent: **2/3/2021**

Noticed Persons

Date	Person	Certified Tracking Number	Status
2/9/2021 SLO		7020 0640 0000 9346 8331	Delivered

API	LOC	RUSLER	TAN	YATES	7R	QU	PROPOSED JALMAT PERFS	POOL BOUNDRY	PROPOSED LANGLIE PERFS	ABOVE QUEEN
30-025-35139	JACK B 30 #003			2912	3160	3580	2925-3418	3480	3451-3608	100
30-025-11284	JACK B 30 #001	1128	2820	2920	3162		3358-3425		3443-3614	100
30-025-26536	POSSH #004	1165		2850	3128	3500	3043-3378	3400 est	3461-3520	100
30-025-29358	CARLSON HARRISON FED COM #004	890	2560	2718	3036	3400	2888-3068	3300	3328-3570	100
30-025-23857	WELLS A #008	1157	2686	2846	3077		2850-3350		3350-3450	100
30-025-26757	ARNOTT RAMSAY NCT-B #009	936	2560	2694	2954	3341	3100-3240	3241	3240-3680	100
30-025-11864	ARNOTT RAMSAY NCT-B #001		2610	2761	3006		3170-3325		3325-3400	100
30-025-25941	CITGO AS STATE #002	1213		2980	3195	3620	2822-3504	3520	3504-3754	100
30-025-26046	CITGO AS STATE #003	1190	2843	2997	3216	3636	2841-3518	3534	3518-3801	100
30-025-34486	CITGO AS STATE #004	1226	2916	3072	3297		2918-3605		3605-3783	100
30-025-28067	LANGLIE A STATE #003						2638-3294		3294-3367	100
30-025-11805	HARRISON WB #001	845		2674	2920		2515-3270		3270-3370	100
30-025-26563	SANTA FE FEDERAL #001	881	2494	2680	2908	3338	2517-3252	3238	3252-3400	100
30-025-35329	ARNOTT RAMSAY NCT-A #006						3066-3490		3490-3600	100
30-025-11854	DYER #002	950		2810	3064		2778-3340		3340-3550	100
30-025-11855	DYER #003						2778-3340		3340-3550	100
30-025-11874	R O GREGORY #003				2814		2610-3140		3140-3285	100
30-025-10805	STEELER A #001	1044		2810	3074	3404	2700-3370		3370-3680	100
30-025-28044	STEELER A #004			2754	3010	3430	2700-3370		3370-3680	100
30-025-09718	WELLS B 1 #001						2700-3325		3325-3547	100

**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-5107

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 percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

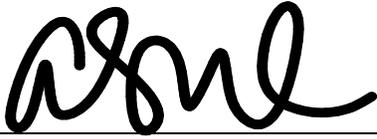
proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

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. Prior to commingling production from the Pools within the Well's well bore, Applicant shall confirm the depth of the top of the Queen Formation with OCD's District Geologist. If the depth confirmed by OCD's District Geologist is different than the depth submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after commingling production, Applicant shall submit Form C-103 to the OCD Engineering Bureau correcting the depth of the top of the Queen Formation.
5. 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.
6. 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: 3/08/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5107**

Operator: **FAE II Operating, LLC (329326)**

Well Name: **Arnott Ramsay NCT B #9**

Well API: **30-025-26757**

Upper Zone	Pool Name: JALMAT; TAN-YATES-7 RVRS (OIL)	Current: X	New:
	Pool ID: 33820	Oil: 40%	Gas: 72%
	Allocation: Fixed Percent	Top: 3,100	Bottom: 3,241
	Interval: Perforations		

Intermediate Zone	Pool Name:	Current:	New:
	Pool ID:	Oil:	Gas:
	Allocation:	Top:	Bottom:
	Interval:		

Bottom of Interval within 150% of Upper Zone's Top of Interval:

Lower Zone	Pool Name: LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	Current:	New: X
	Pool ID: 37240	Oil: 60%	Gas: 28%
	Allocation: Fixed Percent	Top: 3,241	Bottom: 3,680
	Interval: Perforations		

Bottom of Interval within 150% of Upper Zone's Top of Interval: **YES**

Top of Queen Formation: **3341**

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 14699

CONDITIONS OF APPROVAL

Operator:	FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	OGRID:	329326	Action Number:	14699	Action Type:	C-107A
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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.