

| | | | |
|-----------|-----------|-------|---------|
| 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: FAE II Operating, LLC **OGRID Number:** 329326
Well Name: Arnott Ramsay NCT-B #001 **API:** 30-025-11864
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 **M-32-25S-37E** **Lea**
Lease **329326** Well No. **326919** Unit Letter-Section-Township-Range **30-025-11864** 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>3,170 - 3,325'</i> | | <i>3,325' - 3,400'</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>33.1 API / 1.346 BTU</i> | | <i>33.1 API / 1.346 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>0 %</i> Gas <i>36 %</i> | Oil <i>%</i> Gas <i>%</i> | Oil <i>100 %</i> Gas <i>64 %</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 *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 #001: API 30-025-11864
Jalmat Pool: 33820
Langlie Mattix Pool: 37240**

Dear Mr. McClure:

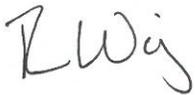
FAE II Operating LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed 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 #1 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 #1 well located in Unit Letter M, Section 32, T-25S, R-37E, 990 feet FSL and 330 feet FWL, as shown in the attached C-102's for each zone.

The Arnott Ramsay NCT-B #1 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 #1 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 #1 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 #1 proved that an IP of 5.2 BOPD and 10.2 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 0.0 BOPD and 3.8 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.

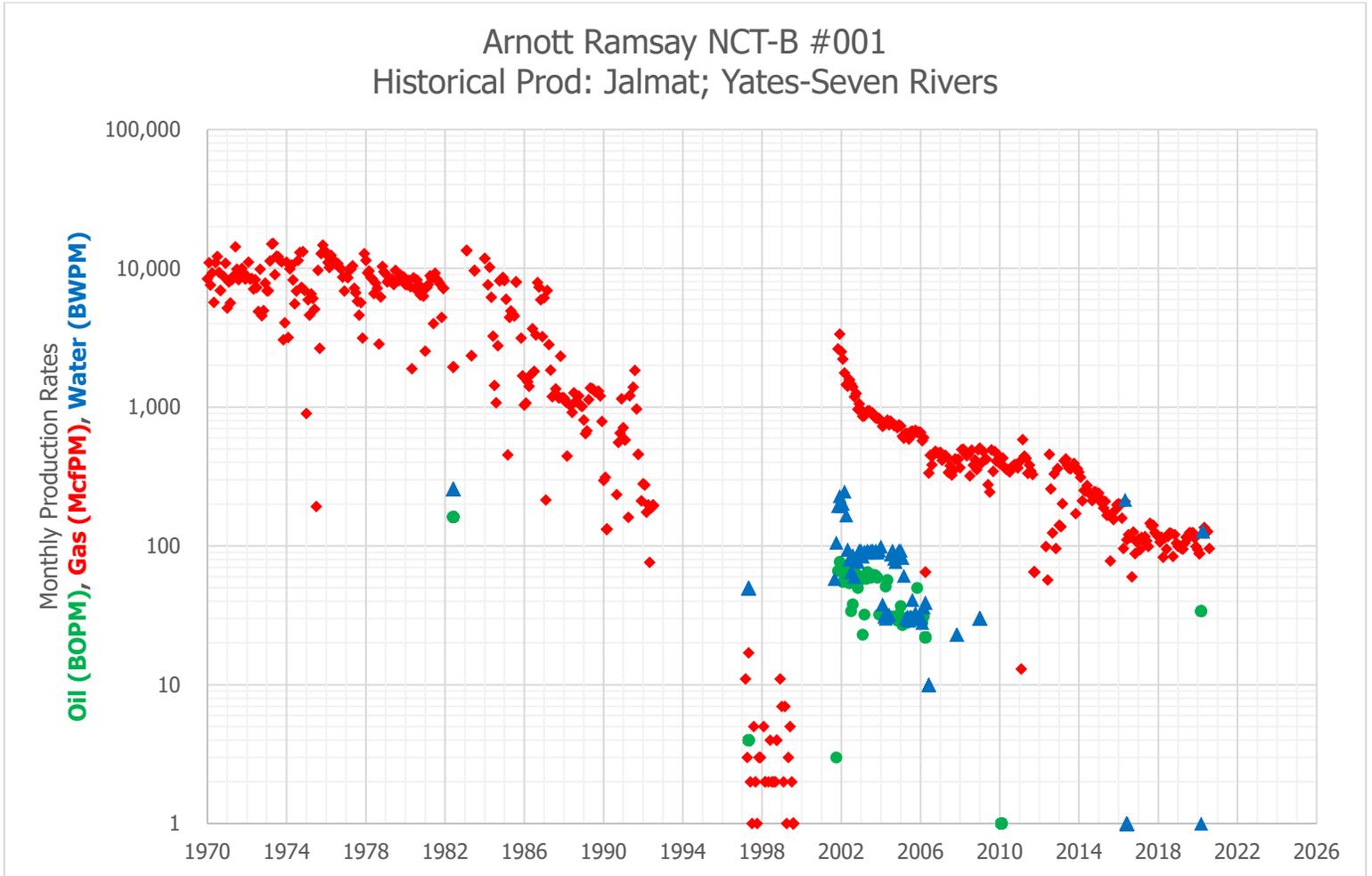
This proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. If there are further questions concerning this application, please feel free to contact the undersigned by email at marshall@faenergyus.com or by telephone at (832) 241-8080.

Very truly yours,


AE II Operating, LLC

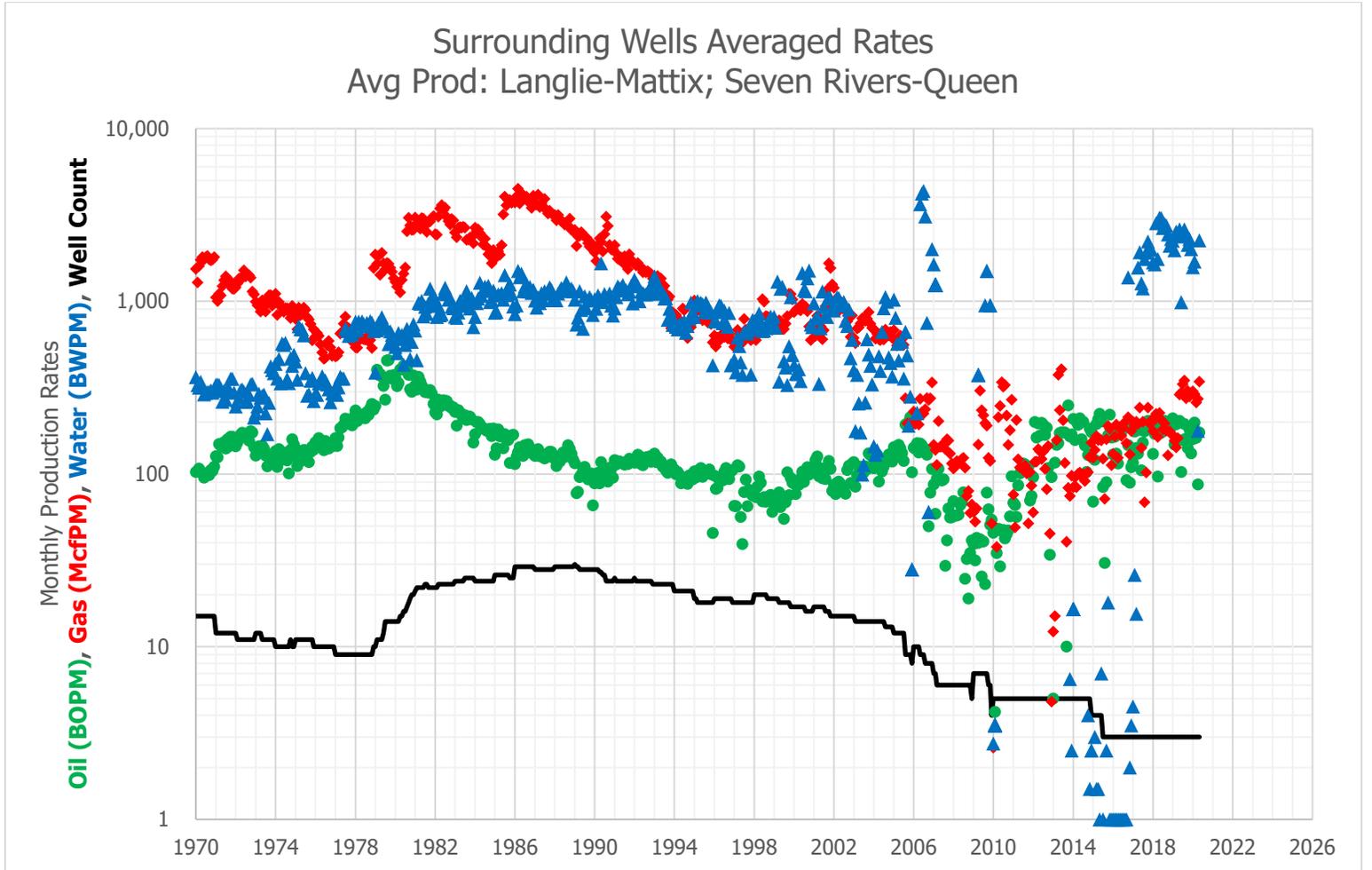
faeIIoperating

Exhibit A – Historical and Forecast Production in the Current Zone



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Exhibit B – Historical Average Production in the Proposed Zone



fae I Operating

Exhibit C – Historical Production and Decline Curve

| Surrounding Wells Averaged Rates | | | | | Arnett Ramsay NCT-B #001 | | | | 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 | | 240 | | 1 | 160.0 | 311 | 1,211 |
| 2/1/2015 | 121 | 138 | 3 | 4 | 2/1/2015 | | 220 | | 2 | 159.2 | 311 | 1,207 |
| 3/1/2015 | 195 | 166 | 2 | 4 | 3/1/2015 | | 203 | | 3 | 158.4 | 310 | 1,203 |
| 4/1/2015 | 208 | 157 | 2 | 4 | 4/1/2015 | | 188 | | 4 | 157.7 | 309 | 1,199 |
| 5/1/2015 | 223 | 160 | 1 | 4 | 5/1/2015 | | 209 | | 5 | 156.9 | 308 | 1,195 |
| 6/1/2015 | 202 | 156 | 7 | 4 | 6/1/2015 | | 166 | | 6 | 156.2 | 307 | 1,191 |
| 7/1/2015 | 84 | 122 | 1 | 3 | 7/1/2015 | | 168 | | 7 | 155.4 | 307 | 1,187 |
| 8/1/2015 | 31 | 72 | 1 | 3 | 8/1/2015 | | 78 | | 8 | 154.7 | 306 | 1,183 |
| 9/1/2015 | 90 | 159 | 3 | 3 | 9/1/2015 | | 162 | | 9 | 153.9 | 305 | 1,179 |
| 10/1/2015 | 168 | 189 | 18 | 3 | 10/1/2015 | | 155 | | 10 | 153.2 | 304 | 1,175 |
| 11/1/2015 | 221 | 182 | 1 | 3 | 11/1/2015 | | 181 | | 11 | 152.5 | 304 | 1,172 |
| 12/1/2015 | 163 | 112 | 1 | 3 | 12/1/2015 | | 198 | | 12 | 151.7 | 303 | 1,168 |
| 1/1/2016 | 130 | 130 | 1 | 3 | 1/1/2016 | | 202 | - | 13 | 151.0 | 302 | 1,164 |
| 2/1/2016 | 165 | 165 | 1 | 3 | 2/1/2016 | | 198 | - | 14 | 150.3 | 301 | 1,160 |
| 3/1/2016 | 131 | 193 | 1 | 3 | 3/1/2016 | | 159 | - | 15 | 149.6 | 301 | 1,156 |
| 4/1/2016 | 115 | 124 | 1 | 3 | 4/1/2016 | | 96 | - | 16 | 148.9 | 300 | 1,152 |
| 5/1/2016 | 184 | 183 | 1 | 3 | 5/1/2016 | | 209 | 215 | 17 | 148.1 | 299 | 1,149 |
| 6/1/2016 | 174 | 166 | 1 | 3 | 6/1/2016 | | 111 | 1 | 18 | 147.4 | 298 | 1,145 |
| 7/1/2016 | 187 | 185 | 1 | 3 | 7/1/2016 | | 121 | - | 19 | 146.7 | 298 | 1,141 |
| 8/1/2016 | 189 | 199 | 1 | 3 | 8/1/2016 | | 115 | - | 20 | 146.0 | 297 | 1,137 |
| 9/1/2016 | 92 | 151 | 1 | 3 | 9/1/2016 | | 60 | - | 21 | 145.3 | 296 | 1,134 |
| 10/1/2016 | 147 | 213 | 1,375 | 3 | 10/1/2016 | | 126 | - | 22 | 144.6 | 295 | 1,130 |
| 11/1/2016 | 89 | 129 | 2 | 3 | 11/1/2016 | | 88 | - | 23 | 143.9 | 295 | 1,126 |
| 12/1/2016 | 110 | 177 | 4 | 3 | 12/1/2016 | | 107 | - | 24 | 143.3 | 294 | 1,122 |
| 1/1/2017 | 116 | 200 | 5 | 3 | 1/1/2017 | | 112 | - | 25 | 142.6 | 293 | 1,119 |
| 2/1/2017 | 176 | 191 | 26 | 3 | 2/1/2017 | | 94 | - | 26 | 141.9 | 292 | 1,115 |
| 3/1/2017 | 142 | 201 | 16 | 3 | 3/1/2017 | | 115 | - | 27 | 141.2 | 292 | 1,111 |
| 4/1/2017 | 131 | 194 | 1,566 | 3 | 4/1/2017 | | 109 | - | 28 | 140.5 | 291 | 1,108 |
| 5/1/2017 | 180 | 242 | 1,919 | 3 | 5/1/2017 | | 117 | - | 29 | 139.9 | 290 | 1,104 |
| 6/1/2017 | 105 | 141 | 1,271 | 3 | 6/1/2017 | | 109 | - | 30 | 139.2 | 290 | 1,100 |
| 7/1/2017 | 152 | 201 | 1,185 | 3 | 7/1/2017 | | 99 | - | 31 | 138.5 | 289 | 1,097 |
| 8/1/2017 | 177 | 69 | 1,758 | 3 | 8/1/2017 | | 146 | - | 32 | 137.9 | 288 | 1,093 |
| 9/1/2017 | 198 | 102 | 1,911 | 3 | 9/1/2017 | | 139 | - | 33 | 137.2 | 287 | 1,090 |
| 10/1/2017 | 203 | 242 | 2,216 | 3 | 10/1/2017 | | 141 | - | 34 | 136.6 | 287 | 1,086 |
| 11/1/2017 | 203 | 196 | 2,040 | 3 | 11/1/2017 | | 125 | - | 35 | 135.9 | 286 | 1,083 |
| 12/1/2017 | 184 | 205 | 1,986 | 3 | 12/1/2017 | | 121 | - | 36 | 135.3 | 285 | 1,079 |
| 1/1/2018 | 131 | 177 | 1,675 | 3 | 1/1/2018 | | 117 | - | 37 | 134.6 | 285 | 1,075 |
| 2/1/2018 | 171 | 206 | 1,633 | 3 | 2/1/2018 | | 107 | - | 38 | 134.0 | 284 | 1,072 |
| 3/1/2018 | 196 | 223 | 2,831 | 3 | 3/1/2018 | | 116 | - | 39 | 133.3 | 283 | 1,068 |
| 4/1/2018 | 97 | 163 | 1,752 | 3 | 4/1/2018 | | 83 | - | 40 | 132.7 | 282 | 1,065 |
| 5/1/2018 | 203 | 226 | 3,039 | 3 | 5/1/2018 | | 114 | - | 41 | 132.1 | 282 | 1,061 |
| 6/1/2018 | 173 | 206 | 3,026 | 3 | 6/1/2018 | | 95 | - | 42 | 131.4 | 281 | 1,058 |
| 7/1/2018 | 187 | 181 | 2,651 | 3 | 7/1/2018 | | 117 | - | 43 | 130.8 | 280 | 1,054 |
| 8/1/2018 | 203 | 196 | 2,795 | 3 | 8/1/2018 | | 124 | - | 44 | 130.2 | 280 | 1,051 |
| 9/1/2018 | 192 | 178 | 2,745 | 3 | 9/1/2018 | | 123 | - | 45 | 129.5 | 279 | 1,047 |
| 10/1/2018 | 183 | 128 | 2,438 | 3 | 10/1/2018 | | 84 | - | 46 | 128.9 | 278 | 1,044 |
| 11/1/2018 | 202 | 177 | 2,092 | 3 | 11/1/2018 | | 121 | - | 47 | 128.3 | 277 | 1,041 |
| 12/1/2018 | 187 | 171 | 2,294 | 3 | 12/1/2018 | | 105 | - | 48 | 127.7 | 277 | 1,037 |
| 1/1/2019 | 210 | 168 | 2,240 | 3 | 1/1/2019 | | 99 | - | 49 | 127.1 | 276 | 1,034 |
| 2/1/2019 | 148 | 156 | 1,971 | 3 | 2/1/2019 | | 100 | - | 50 | 126.5 | 275 | 1,030 |
| 3/1/2019 | 194 | 142 | 2,528 | 3 | 3/1/2019 | | 96 | - | 51 | 125.9 | 275 | 1,027 |
| 4/1/2019 | 198 | 161 | 2,436 | 3 | 4/1/2019 | | 95 | - | 52 | 125.3 | 274 | 1,024 |
| 5/1/2019 | 203 | 288 | 2,609 | 3 | 5/1/2019 | | 105 | - | 53 | 124.7 | 273 | 1,020 |
| 6/1/2019 | 103 | 295 | 986 | 3 | 6/1/2019 | | 116 | - | 54 | 124.1 | 273 | 1,017 |
| 7/1/2019 | 157 | 330 | 2,371 | 3 | 7/1/2019 | | 113 | - | 55 | 123.5 | 272 | 1,014 |
| 8/1/2019 | 195 | 348 | 2,602 | 3 | 8/1/2019 | | 125 | - | 56 | 122.9 | 271 | 1,010 |
| 9/1/2019 | 160 | 274 | 2,403 | 3 | 9/1/2019 | | 124 | - | 57 | 122.3 | 271 | 1,007 |
| 10/1/2019 | 141 | 302 | 2,120 | 3 | 10/1/2019 | | 125 | - | 58 | 121.7 | 270 | 1,004 |
| 11/1/2019 | 181 | 281 | 2,293 | 3 | 11/1/2019 | | 114 | - | 59 | 121.1 | 269 | 1,000 |
| 12/1/2019 | 132 | 294 | 2,000 | 3 | 12/1/2019 | | 99 | - | 60 | 120.6 | 269 | 997 |
| 1/1/2020 | 159 | 301 | 1,572 | 3 | 1/1/2020 | - | 94 | - | | | | |
| 2/1/2020 | 198 | 290 | 1,693 | 3 | 2/1/2020 | - | 88 | - | | | | |
| 3/1/2020 | 162 | 259 | 1 | 3 | 3/1/2020 | 34 | - | 1 | | | | |
| 4/1/2020 | 87 | 272 | 178 | 3 | 4/1/2020 | | - | 128 | | | | |
| 5/1/2020 | 174 | 342 | 2,248 | 3 | 5/1/2020 | | 136 | | | | | |
| | | | | | 6/1/2020 | | 124 | | | | | |

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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 | 0.0 | 3.8 | 0.2 |
| Langlie Mattix | Seven Rivers-Queen | 5.2 | 6.4 | 39.6 |
| | Total | 5.2 | 10.2 | 39.8 |
| Jalmat | Yates-Seven Rivers | 0% | 36% | 0% |
| Langlie Mattix | Seven Rivers-Queen | 100% | 64% | 100% |
| | 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 30-025-11863 | Pool Code 33820 | Pool Name Jalmat (Tansill-Yates-Seven Rivers) Oil |
| Property Code 326919 | Property Name Arnott Ramsay NCT-B | Well Number 1 |
| GRID No. 329326 | Operator Name FAE II Operating, LLC | Elevation 2979' GR |

Surface Location

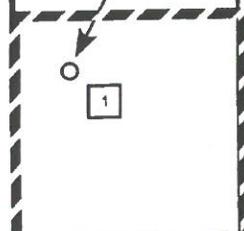
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M | 32 | 25S | 37E | | 990' | South | 330' | 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

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div data-bbox="243 1554 479 1669" style="border: 1px solid black; padding: 5px;"> Arnott Ramsay NCT-B #1 990' FSL & 330' FWL (M) 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 style="text-align: center;"><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 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

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 30-025-11863 | Pool Code 37240 | Pool Name Langlie Mattix |
| Property Code 326919 | Property Name Arnott Ramsay NCT-B | Well Number 1 |
| GRID No. 329326 | Operator Name FAE II operating, LLC | Elevation 2979' GR |

Surface Location

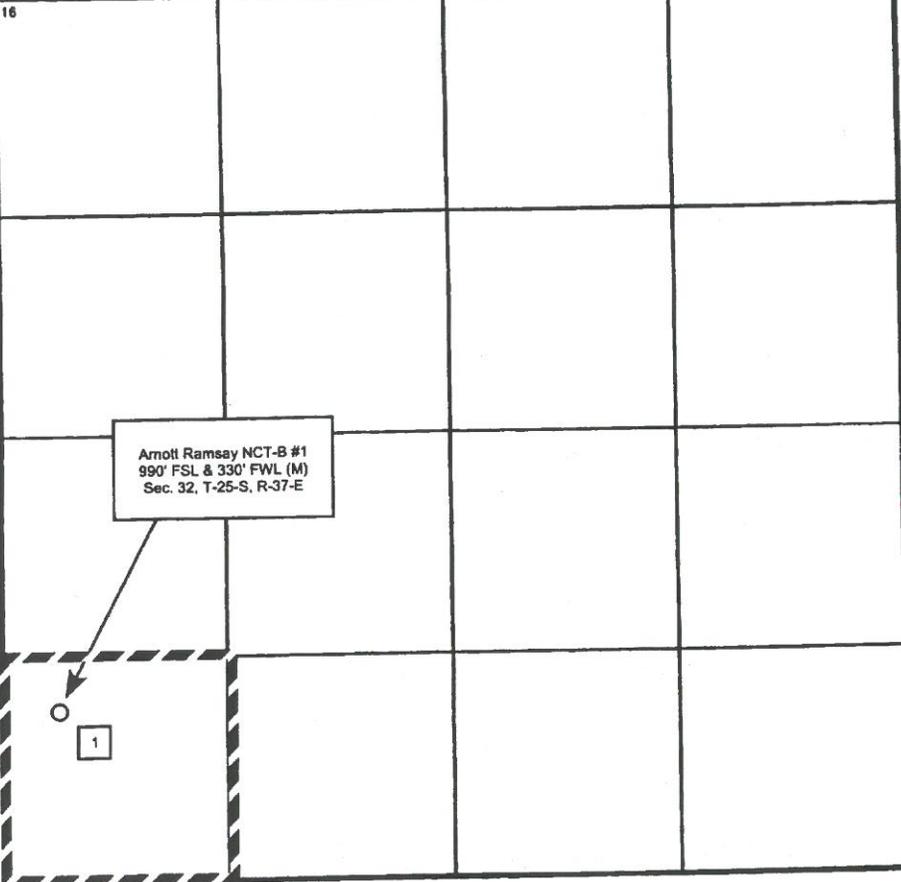
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M | 32 | 25S | 37E | | 990' | South | 330' | 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

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div data-bbox="251 1564 470 1669" style="border: 1px solid black; padding: 5px;"> Arnott Ramsay NCT-B #1 990' FSL & 330' FWL (M) 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 style="text-align: center;"><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 Surveyer:</p> <p>Certificate Number</p> |

From: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXT] RE: Downhole Commingling Application DHC-5108
Date: Wednesday, February 3, 2021 3:36:18 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 4:53 PM
To: [Marshall Bates](#)
Subject: FW: Downhole Commingling Application DHC-5108

Forwarded from the correct email address.

From: Dean McClure
Sent: Tuesday, January 19, 2021 3:53 PM
To: Marshall Bates <marshall@faenergyus.com>
Subject: Downhole Commingling Application DHC-5108

Mr. Bates,

I am reviewing the downhole commingling application (DHC-5108) for the Arnott Ramsay NCT B #1 (30-025-11864) 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
(307)660-4998
Dean.McClure@outlook.com

From: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Cc: [Kautz, Paul, EMNRD](#)
Subject: [EXT] RE: downhole commingling applications
Date: Thursday, March 25, 2021 3:52:32 PM

Dean,

Here is where the top of the Queen is for each well according to our Geology department:

- Wells A #8 – 3,563 ft.
- Arnott Ramsay NCT-B #1 – 3,429 ft.
- Citgo AS State #4 – 3,705 ft.
- Langlie A State #3 – 3,397 ft.
- Harrison Federal WB #1 – 3,378 ft.

Thank you,

Marshall Bates
 Forty Acres Energy
 11757 Katy Fwy. Ste. 1000
 Houston, TX 77079
 C: (713) 253-2885

From: [McClure, Dean, EMNRD](#)
Sent: Wednesday, March 17, 2021 6:52 AM
To: [Marshall Bates](#)
Cc: [Kautz, Paul, EMNRD](#)
Subject: RE: downhole commingling applications

Actually, it looks like we do have access to logs from IHS, but my search turned up limited logs for these wells. We may have enough for Harrison Federal WB #1 and Citgo AS State #4, but I did not see anything of use for the other 3 wells.

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

From: McClure, Dean, EMNRD
Sent: Wednesday, March 17, 2021 5:19 AM
To: Marshall Bates <marshall@faenergyus.com>
Cc: Kautz, Paul, EMNRD <paul.kautz@state.nm.us>
Subject: downhole commingling applications

Hello Mr. Bates,

Please provide FAE’s picks for the top of the Queen formation for the wells listed below. Prior to approval of the C-104 for the second pool being added to these wells, FAE will need to get with Paul and provide him with data sufficient for him to confirm the picks. Alternatively, if you confirm the top with him prior to issuance of the DHC Orders, then you will not need to submit a sundry with the correction at a later date. Regarding the logs for these wells, it is my understanding that we had an agreement with the predecessor to IHS to receive logs from them, but I do not think any discussions have occurred with IHS regarding logs.

| Commingling Applications | | | | | | | | | | | | | | |
|--------------------------|-----------------------|--------------|-----------------------|-------------------------------|-----------------------|--------------|---------------|------------|-------------------|--------|--------------|-------------------------------------|----------|----------------------------------------|
| Admin | Applicant | OGRID Number | ID | Request Number | Title | API | Allocation | Pending CA | (C) (4) (g) | Infill | Status | Notes | Date | Folder |
| DHC-5106 | FAE II Operating, LLC | 329326 | 14697 | pDM2101942023 | Wells A 8 | 30-025-23857 | Fixed Percent | | | | Under Review | The top of the Queen not identified | 3/8/2021 | E:\NM\WORK\DHC\DHC5106 |
| DHC-5108 | FAE II Operating, LLC | 329326 | 14702 | pDM2101942616 | Arnott Ramsay NCT B 1 | 30-025-11864 | Fixed Percent | | | | Under Review | The top of the Queen not | 3/8/2021 | E:\NM\WORK\DHC\DHC5108 |

| | | | | | | | | | | | | | | |
|----------|-----------------------|--------|-----------------------|-------------------------------|-----------------------|--------------|---------------|--|--|--|--------------|-------------------------------------|----------|----------------------------------------|
| | | | | | | | | | | | identified | | | |
| DHC-5112 | FAE II Operating, LLC | 329326 | 14714 | pDM2101943692 | Citgo AS State 4 | 30-025-34486 | Fixed Percent | | | | Under Review | The top of the Queen not identified | 3/8/2021 | E:\NM\WORK\DHC\DHC5112 |
| DHC-5113 | FAE II Operating, LLC | 329326 | 14716 | pDM2101943934 | Langlie A State 3 | 30-025-28067 | Fixed Percent | | | | Under Review | The top of the Queen not identified | 3/8/2021 | E:\NM\WORK\DHC\DHC5113 |
| DHC-5114 | FAE II Operating, LLC | 329326 | 15507 | pDM2102555034 | Harrison Federal WB 1 | 30-025-11805 | Fixed Percent | | | | Under Review | The top of the Queen not identified | 3/8/2021 | E:\NM\WORK\DHC\DHC5114 |

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](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Holm, Anchor E.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5108
Date: Monday, March 29, 2021 5:32:52 PM
Attachments: [DHC5108 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5108 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Arnott Ramsay NCT B #1 well (30-025-11864).

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-5108**

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 |

**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-5108

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

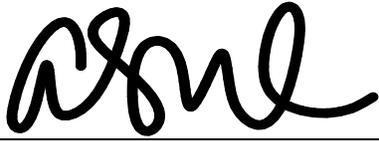
proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

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: 3/29/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5108**

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

Well Name: **Arnott Ramsay NCT B #1**

Well API: **30-025-11864**

Upper Zone

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

Pool ID: **33820**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **0%**

Gas: **36%**

Interval: **Perforations**

Top: **3,170**

Bottom: **3,329**

Intermediate Zone

Pool Name:

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Interval:

Top:

Bottom:

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

Lower Zone

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

Pool ID: **37240**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **100%**

Gas: **64%**

Interval: **Perforations**

Top: **3,329**

Bottom: **3,400**

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

Top of Queen Formation: **3429**

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 14702

CONDITIONS OF APPROVAL

| | | | | | | | | | |
|-----------|----------------------|--------------------------------|------------------|--------|--------|----------------|-------|--------------|--------|
| Operator: | FAE II OPERATING LLC | 11757 Katy Freeway, Suite 1000 | Houston, TX77079 | OGRID: | 329326 | Action Number: | 14702 | 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. |