

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
**- 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

**Application Acronyms:**

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]  
 [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]  
 [B] Commingling - Storage - Measurement  
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify \_\_\_\_\_
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply  
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☐ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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.**

Marshall Bates

Engineering Tech

6/25/2021

Print or Type Name

Signature

Title

Date

Marshall@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	Rhodes Federal Unit		96	Address	H-09-26S-37E		Lea
Lease	329326	Well No.	326344	Unit Letter-Section-Township-Range	30-02S-2453E		County
OGRID No.		Property Code		API No.		Lease Type:	<input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Rhodes		Leonard
Pool Code	83810		38760
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,713 – 2,992'		TBD – TBD
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)	35.0API / 1.556 BTU		35.0 API / 1.556 BTU
Producing, Shut-In or New Zone	Producing		New Zone
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.)	See Attached Date: Rates:	Date: Rates:	See Attached 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 0 % Gas 31 %	Oil % Gas %	Oil 100 % Gas 69 %

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 6/24/2021

TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 706 - 0041

E-MAIL ADDRESS Marshall@FAEnergyus.com



# faeIIoperating

June 21, 2021

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

**Re: Rhodes Federal Unit #096: API 30-025-24536**  
**Rhodes Pool: 83810**  
**Leonard Pool: 38760**

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) 220-9188 or by email at [steven@faenergyus.com](mailto:steven@faenergyus.com).

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Steven Lehrbass  
Land

# faeIIoperating

June 22, 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 Rhodes and Leonard Pools for the Rhodes Federal Unit #96 well located in Sec. 9, T-26S, 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 Rhodes and Leonard Pools for its Rhodes Federal Unit #96 well located in Unit Letter H, Section 9, T-26S, R-37E, 1,980 feet FNL and 760 feet FEL, as shown in the attached C-102's for each zone.

Rhodes Federal Unit #96 is currently open to the Yates-Seven Rivers interval, which translates to the RHODES; YATES-SEVEN RIVERS (GAS) [Pool ID: 83810]. 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 Rhodes Federal Unit #96 is the Queen, which translates to the LEONARD; QUEEN, SOUTH [Pool ID: 38760]. To develop a forecast for this zone, four (4) surrounding wells with production history from the Queen were used as an offset to prove up hole potential in the Rhodes Federal Unit #96 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 proved that an IP of 4.7 BOPD and 44.5 MCFPD is the expected total, and of that, 4.7 BOPD and 30.7 MCFPD will come from the Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 13.8 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](mailto:marshall@faenergyus.com) or by telephone at (832) 241-8080.

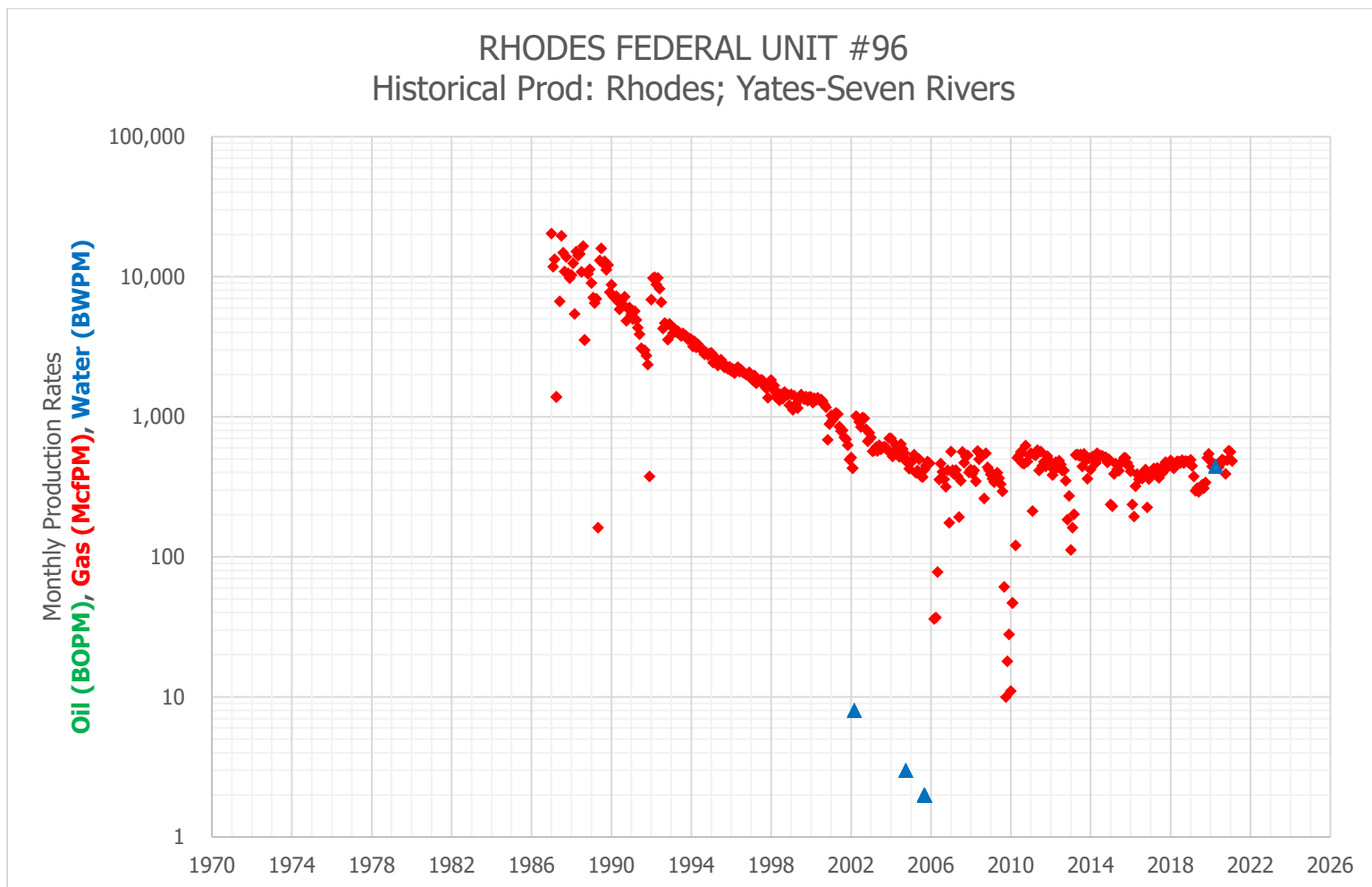
Very truly yours,



FAE II Operating, LLC

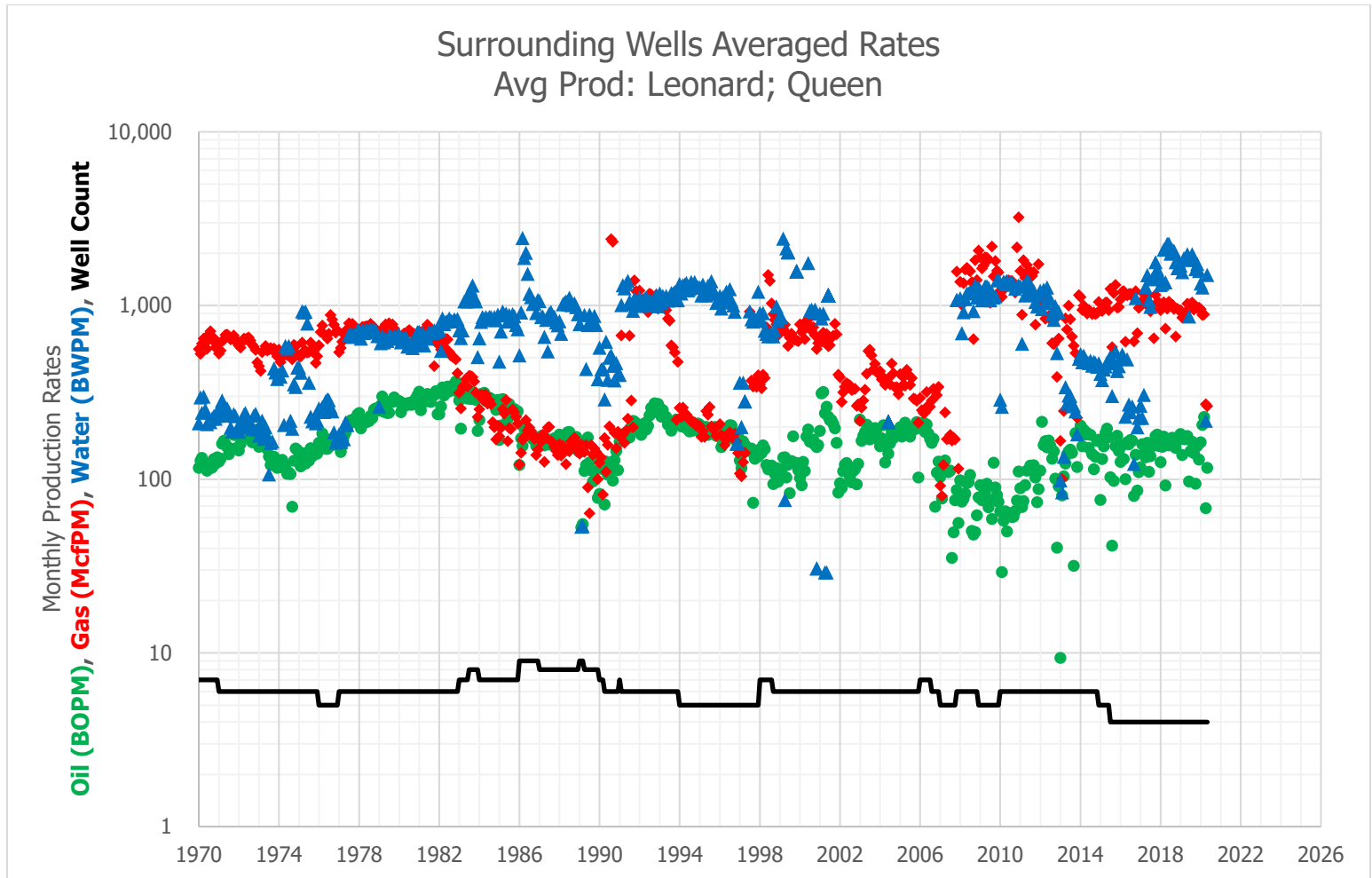
# faeIIoperating

## Exhibit A – Historical and Forecast Production in the Current Zone



# faeIIoperating

## Exhibit B – Historical Average Production in the Proposed Zone



# faeIoperating

## Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates					RHODES FEDERAL UNIT #96				Synthetic Decline Curve			
Avg Prod: Langlie-Mattix; Seven Rivers-Queen					Historical Prod: Rhodes; 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)
7/1/2015	103	1,243	507	4	7/1/2015		468		1	142.9	1,353	1,109
8/1/2015	41	576	301	4	8/1/2015		482		2	142.2	1,350	1,105
9/1/2015	98	1,178	474	4	9/1/2015		509		3	141.6	1,347	1,101
10/1/2015	155	1,312	543	4	10/1/2015		510		4	140.9	1,343	1,098
11/1/2015	178	970	419	4	11/1/2015		469		5	140.2	1,340	1,094
12/1/2015	145	977	447	4	12/1/2015		442		6	139.5	1,336	1,090
1/1/2016	126	1,083	498	4	1/1/2016		409		7	138.9	1,333	1,087
2/1/2016	156	1,201	521	4	2/1/2016		237		8	138.2	1,330	1,083
3/1/2016	131	1,208	498	4	3/1/2016		194		9	137.6	1,326	1,080
4/1/2016	100	618	229	4	4/1/2016		320		10	136.9	1,323	1,076
5/1/2016	163	1,143	490	4	5/1/2016		389		11	136.2	1,320	1,073
6/1/2016	159	1,162	269	4	6/1/2016		358		12	135.6	1,317	1,069
7/1/2016	168	1,170	243	4	7/1/2016		374		13	134.9	1,313	1,066
8/1/2016	166	1,124	262	4	8/1/2016		363		14	134.3	1,310	1,062
9/1/2016	80	620	122	4	9/1/2016		405		15	133.7	1,307	1,059
10/1/2016	138	1,210	1,106	4	10/1/2016		420		16	133.0	1,303	1,055
11/1/2016	86	693	199	4	11/1/2016		226		17	132.4	1,300	1,052
12/1/2016	110	968	226	4	12/1/2016		359		18	131.7	1,297	1,048
1/1/2017	117	1,042	265	4	1/1/2017		399		19	131.1	1,294	1,045
2/1/2017	159	1,011	226	4	2/1/2017		387		20	130.5	1,291	1,041
3/1/2017	140	1,163	306	4	3/1/2017		429		21	129.9	1,287	1,038
4/1/2017	133	1,048	1,279	4	4/1/2017		396		22	129.2	1,284	1,035
5/1/2017	162	1,128	1,494	4	5/1/2017		433		23	128.6	1,281	1,031
6/1/2017	110	980	1,073	4	6/1/2017		367		24	128.0	1,278	1,028
7/1/2017	136	923	981	4	7/1/2017		427		25	127.4	1,274	1,024
8/1/2017	156	953	1,416	4	8/1/2017		397		26	126.8	1,271	1,021
9/1/2017	156	646	1,432	4	9/1/2017		426		27	126.2	1,268	1,018
10/1/2017	177	1,151	1,773	4	10/1/2017		475		28	125.6	1,265	1,014
11/1/2017	180	1,044	1,615	4	11/1/2017		434		29	125.0	1,262	1,011
12/1/2017	155	1,040	1,516	4	12/1/2017		463		30	124.4	1,259	1,008
1/1/2018	125	939	1,313	4	1/1/2018		488		31	123.8	1,255	1,004
2/1/2018	153	989	1,332	4	2/1/2018		446		32	123.2	1,252	1,001
3/1/2018	176	1,042	2,096	4	3/1/2018		429		33	122.6	1,249	998
4/1/2018	92	736	1,358	4	4/1/2018		454		34	122.0	1,246	994
5/1/2018	159	958	2,262	4	5/1/2018		481		35	121.4	1,243	991
6/1/2018	156	1,050	2,262	4	6/1/2018		476		36	120.9	1,240	988
7/1/2018	166	1,010	1,990	4	7/1/2018		469		37	120.3	1,237	985
8/1/2018	173	1,009	2,077	4	8/1/2018		491		38	119.7	1,234	981
9/1/2018	170	952	2,067	4	9/1/2018		467		39	119.1	1,231	978
10/1/2018	151	661	1,773	4	10/1/2018		483		40	118.6	1,228	975
11/1/2018	171	957	1,638	4	11/1/2018		480		41	118.0	1,224	972
12/1/2018	168	940	1,793	4	12/1/2018		471		42	117.4	1,221	969
1/1/2019	182	938	1,696	4	1/1/2019		494		43	116.9	1,218	965
2/1/2019	137	851	1,555	4	2/1/2019		447		44	116.3	1,215	962
3/1/2019	170	857	1,867	4	3/1/2019		375		45	115.8	1,212	959
4/1/2019	170	871	1,840	4	4/1/2019		297		46	115.2	1,209	956
5/1/2019	177	1,024	1,968	4	5/1/2019		310		47	114.7	1,206	953
6/1/2019	97	961	864	4	6/1/2019		291		48	114.1	1,203	950
7/1/2019	145	1,021	1,826	4	7/1/2019		311		49	113.6	1,200	947
8/1/2019	164	1,041	1,975	4	8/1/2019		327		50	113.0	1,197	943
9/1/2019	141	947	1,837	4	9/1/2019		309		51	112.5	1,194	940
10/1/2019	94	982	1,618	4	10/1/2019		340		52	111.9	1,191	937
11/1/2019	155	966	1,732	4	11/1/2019		509		53	111.4	1,188	934
12/1/2019	129	972	1,580	4	12/1/2019		544		54	110.9	1,185	931
1/1/2020	163	955	1,337	4	1/1/2020		487	-	55	110.3	1,182	928
2/1/2020	205	882	1,270	4	2/1/2020		443	-	56	109.8	1,179	925
3/1/2020	228	889	1	4	3/1/2020		452	-	57	109.3	1,176	922
4/1/2020	68	270	217	4	4/1/2020		431	444	58	108.8	1,174	919
5/1/2020	116	263	1,498	4	5/1/2020		447		59	108.2	1,171	916
6/1/2020	81	224	1,450	4	6/1/2020		437		60	107.7	1,168	913
7/1/2020	77	525	37	4	7/1/2020		478					
8/1/2020	149	1,011	1	4	8/1/2020		496					
9/1/2020	155	1,145	7	4	9/1/2020		486					
10/1/2020	32	939	0	4	10/1/2020		392					
11/1/2020	158	977	2	4	11/1/2020		490					
12/1/2020	165	923	24	4	12/1/2020		574					

# faeIIoperating

## Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Rhodes	Yates-Seven Rivers	0.0	13.8	0.3
Leonard	Queen	4.7	30.7	36.2
	<b>Total</b>	<b>4.7</b>	<b>44.5</b>	<b>36.5</b>
Rhodes	Yates-Seven Rivers	0%	31%	1%
Leonard	Queen	100%	69%	99%
	<b>Total (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



30025245360000

FAE

 RHODES FEDERAL UNIT 96

SPUD\_DATE : 10/12/1973

T26S R37E S9

Log  
Depth(ft)

2650-

2700-

2750-

2800-

2850-

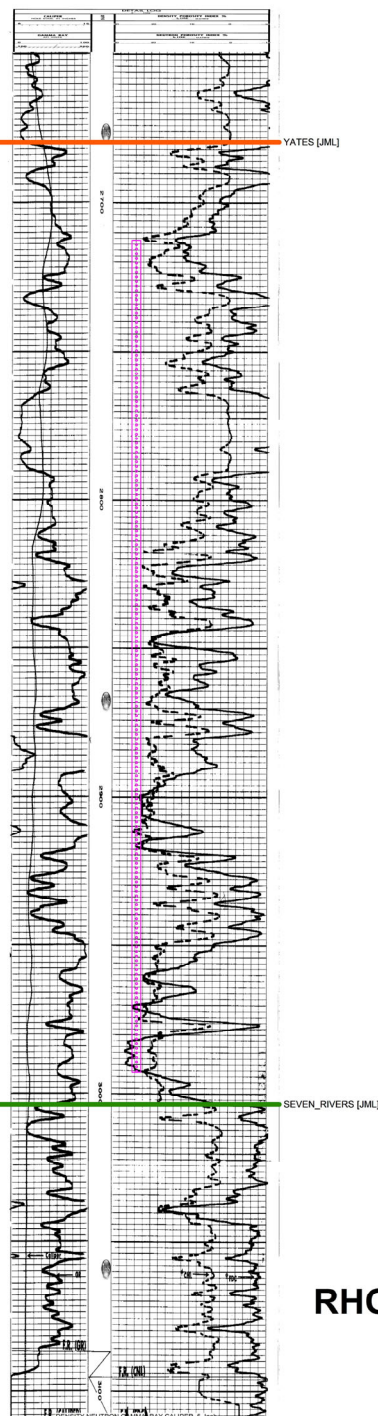
2900-

2950-

3000-

3050-

3100-



**RHODES FEDERAL UNIT 96**

TD : 3,110

ELEV\_KB : 2,964

3360

Proposed completion interval,  
exact perms pending logs

Estimated Queen fm top

Deepen well to 3450'

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-24536	<sup>2</sup> Pool Code 83810	<sup>3</sup> Pool Name RHODES; YATES-SEVEN RIVERS (GAS)
<sup>4</sup> Property Code 326344	<sup>5</sup> Property Name RHODES FEDERAL UNIT	<sup>6</sup> Well Number #096
<sup>7</sup> OGRID No. 329326	<sup>8</sup> Operator Name FAE II OPERATING, LLC	<sup>9</sup> Elevation 2953'

<sup>10</sup> Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	9	26S	37E		1980	N	760	E	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	9	26S	37E		1980	N	760	E	LEA

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

<sup>16</sup> 	<sup>17</sup> <b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. 6/22/2021  Signature Date Marshall Bates Printed Name Marshall@FAEnergyus.com E-mail Address	
	<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor:	
	Certificate Number	

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-24536	<sup>2</sup> Pool Code 38760	<sup>3</sup> Pool Name LEONARD; QUEEN, SOUTH
<sup>4</sup> Property Code 326344	<sup>5</sup> Property Name RHODES FEDERAL UNIT	<sup>6</sup> Well Number #096
<sup>7</sup> OGRID No. 329326	<sup>8</sup> Operator Name FAE II OPERATING, LLC	<sup>9</sup> Elevation 2953'

<sup>10</sup> Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	9	26S	37E		1980	N	760	E	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	9	26S	37E		1980	N	760	E	LEA

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

<sup>16</sup> 	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>M. Bates</u> Date: <u>6/22/2021</u> Printed Name: <u>Marshall Bates</u> E-mail Address: <u>Marshall@FAEnergyus.com</u>	
	<sup>18</sup> SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: _____ Signature and Seal of Professional Surveyor: _____ Certificate Number: _____	

Well Name: **RHODES FEDERAL UNIT #096** Lease No: LC-030176-A Lease Type: Federal  
 Township: 26-S Range: 37-E Sec: 09-H Location: 1980' FNL & 760' FEL  
 County: Lea State: NM API: 30-025-24536 Formation: Rhodes; Yates-7 Rivers

Surface Csg

Size: 8-5/8"  
 Wt.&Thrd: 20#  
 Grade: MU-46  
 Set @: 637'  
 Sxs cmt: 300 sxs  
 Circ: 40 sxs  
 TOC: Surface  
 Hole Size: 12-1/4"

KB: 2964.1'  
 DF: 2963.1'  
 GL: 2953.1'  
 Spud Date: 10/12/1973  
 Compl. Date: 11/9/1973

**PROPOSED**History - Highlights

**1993-08:** Clean out to PBTD.

**Proposed:** MIRU. POOH w/ tbg. RIH w/ 3-3/4" bit & deepen to base of QUEEN (est 3450'). Circulate clean. POOH w/ bit. RIH w/ pkr. Set pkr above open hole. Acidize open hole w/5000 gals 15% NEFE HCL acid, 1500# rock salt diverter, & flush w/ 1000 bbls 2% KCL water. POOH w/ pkr. TIH w/ tbg, pump & rods. RTP

Production Csg

Size: 4-1/2"  
 Wt.&Thrd: 10.5#  
 Grade: K-55  
 Set @: 3110'  
 Sxs Cmt: 400 sxs  
 Circ:  
 TOC: 1696'  
 Hole Size: 7-7/8"

YATES (Top @ 2687')

2713', 2714', 2824', 2825', 2846', 2848', 2865', 2866', 2896', 2898', 2900', 2902', 2904', 2906', 2908', 2915', 2917', 2959', 2961', 2970', 2972', 2973', 2981', 2983', 2985', 2987', 2989', 2991', 2993' - Oct 1973

Frac w/ 30,000 gals gelled KCL wtr, 6000# 20/40 sand, & 27,000# 10/20 sand  
 Acidized w/ 1000 gal 15% acid - Aug 1993

SEVEN RIVERS (Top @ 3004')

SN 3109'  
 EOT 3146'

3110-3450' Open Hole - Proposed

Acidize open hole w/5000 gals 15% NEFE HCL acid, 1500# rock salt diverter, & flush w/ 1000 bbls 2% KCL water

QUEEN (Top @ 3360')Open Hole

Size: 3-3/4"  
 Down to: 3450'

PBTD 3450'  
 TD 3450'

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 EUE 8rd Tubing (~99 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug)



Well Name: **RHODES FEDERAL UNIT #096** Lease No: **LC-030176-A** Lease Type: **Federal**  
 Township: **26-S** Range: **37-E** Sec: **09-H** Location: **1980' FNL & 760' FEL**  
 County: **Lea** State: **NM** API: **30-025-24536** Formation: **Rhodes; Yates-7 Rivers**

**CURRENT**Surface Csg

Size: **8-5/8"**  
 Wt.&Thrd: **20#**  
 Grade: **MU-46**  
 Set @: **637'**  
 Sxs cmt: **300 sxs**  
 Circ: **40 sxs**  
 TOC: **Surface**  
 Hole Size: **12-1/4"**

KB: **2964.1'**  
 DF: **2963.1'**  
 GL: **2953.1'**  
 Spud Date: **10/12/1973**  
 Compl. Date: **11/9/1973**

History - Highlights

**1993-08:** Clean out to PBTD.

**All info from OCD well files ONLY**

EOT 2976'

Production Csg

Size: **4-1/2"**  
 Wt.&Thrd: **10.5#**  
 Grade: **K-55**  
 Set @: **3110'**  
 Sxs Cmt: **400 sxs**  
 Circ:   
 TOC: **1696'**  
 Hole Size: **7-7/8"**

YATES (Top @ 2687')

2713', 2714', 2824', 2825', 2846', 2848', 2865', 2866', 2896', 2898', 2900', 2902',  
 2904', 2906', 2908', 2915', 2917', 2959', 2961', 2970', 2972', 2973', 2981', 2983',  
 2985', 2987', 2989', 2991', 2993' - Oct 1973

Frac w/ 30,000 gals gelled KCL wtr, 6000# 20/40 sand, & 27,000# 10/20 sand  
 Acidized w/ 1000 gal 15% acid - Aug 1993

SEVEN RIVERS (Top @ 3004')

PBTD 3074'  
 TD 3110'

Tubulars - Capacities and Performance

2-3/8" 4.7# Tubing

**From:** [Vanessa Neal](#)  
**To:** [McClure, Dean, EMNRD](#)  
**Subject:** RE: [EXTERNAL] DHC Applications Format & Missing Items?  
**Date:** Wednesday, November 3, 2021 12:16:21 PM  
**Attachments:** [image001.png](#)  
[BLM DHC C E Lamunyon #090 Sundry Submittal 2021-11-03.pdf](#)

Awesome, thank you Dean!

Here are the tracking numbers we have for the submitted DHCs. I'm not sure which ones you were waiting on, so I included all the tracking numbers we had documented.

I've also attached a PDF of the DHC submitted to the BLM for C E Lamunyon #90; a DHC application was submitted earlier this week to the OCD. Is the PDF attached an acceptable substitute for the BLM tracking numbers for future submissions?

Project	API	SLO/BLM Submittal Tracking Info
State A A/C 2 #062	30-025-25542	7020 0640 0000 9346 5293
State C TR 11 #003	30-025-23103	7020 0640 0000 9346 5293
State C TR 11 #005	30-025-25517	7020 0640 0000 9346 5293
State I Com #002	30-025-06133	7020 0640 0000 9346 5293
C D Woolworth #008	30-025-32862	7020 0640 0000 9346 5293
Cagle C #005	30-025-34450	7021 0350 0001 5380 9936
Cagle C Federal Com #006	30-025-37342	7021 0350 0001 5380 9936
Myers B #006	30-025-31382	7021 0350 0001 5380 9936
Rhodes Federal Unit #047	30-025-20011	7021 0350 0001 5380 9936
Rhodes Federal Unit #096	30-025-24536	7021 0350 0001 5380 9936
Rhodes Federal Unit #098	30-025-37514	7021 0350 0001 5380 9936
Rhodes Federal Unit #102	30-025-24537	7021 0350 0001 5380 9936
Shell A State COM #006	30-025-32030	7020 0640 0000 9346 3985
State A A/C 1 #096	30-025-09250	7020 0640 0000 9346 5293
State A A/C 1 #129	30-025-34877	7020 0640 0000 9346 5293
State A A/C 2 #057	30-025-20297	7020 0640 0000 9346 5293
Stevens A-35 Com #002	30-025-09467	7021 0350 0001 5380 9936

Thank you,  
 Vanessa Neal | Sr Reservoir Engineer

**forty acres energy**

O [832.219.0990 \(ext 165\)](tel:832.219.0990)

C [979.255.3476](tel:979.255.3476)

**From:** McClure, Dean, EMNRD <Dean.McClure@state.nm.us>  
**Sent:** Tuesday, November 2, 2021 6:41 PM  
**To:** Vanessa Neal <vanessa@faenergyus.com>

**Subject:** RE: [EXTERNAL] DHC Applications Format & Missing Items?

Hello Vanessa,

Quite busy, but I suppose I can't complain; hopefully everything in your world is going great.

Based off my conversations with Marshall, I think he had mentioned that there may be some applications in the current batch that require notice to either the BLM or SLO which the evidence of which has not been provided, but I have not had a chance to sit down and go through them all quite yet. Regarding format and future submittals, I have an outdated guidance document regarding DHCs, but I will see if I can update it and help make it more specific to what would be more relevant to FAE. Please note that there are different requirements based upon whether the pools being commingled have been commonly commingled in the area or not. For FAE, this becomes relevant because some of your proposed pools to be commingled are common and some are not. An example of an application that is not is DHC-5150 for the E C Hill A 7.

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

---

**From:** Vanessa Neal <[vanessa@faenergyus.com](mailto:vanessa@faenergyus.com)>

**Sent:** Tuesday, November 2, 2021 5:25 PM

**To:** McClure, Dean, EMNRD <[Dean.McClure@state.nm.us](mailto:Dean.McClure@state.nm.us)>

**Subject:** [EXTERNAL] DHC Applications Format & Missing Items?

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Dean,

I hope everything is going great in your world.

I am going to be helping Marshall Bates submit downhole commingle applications in the future and I was wondering if you had a preferred format for submissions? I would also like to make sure you get everything you need for approval upon initial submission, if possible; is there anything that we have repeatedly missed in the past that you have had to ask for?

I know that we are planning a lot of work in 2022 that will require DHC permits, so I am hoping to get those to you as soon as possible. For the DHC applications currently in your queue, are you waiting on any missing items from us? If you let me know what you need I will get it to you ASAP.

Looking forward to working with you!

Vanessa Neal | Sr Reservoir Engineer

**forty acres** energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

O [832.219.0990 \(ext 165\)](tel:832.219.0990)

C [979.255.3476](tel:979.255.3476)

E [vanessa@faenergyus.com](mailto:vanessa@faenergyus.com)



**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Marshall Bates](#); [Vanessa Neal](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#)  
**Subject:** Approved Administrative Order DHC-5139  
**Date:** Wednesday, December 8, 2021 11:14:46 AM  
**Attachments:** [DHC5139 Order.pdf](#)

---

NMOCD has issued Administrative Order DHC-5139 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Rhodes Federal Unit 96 well (30-025-24536).

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. If you have any questions regarding this matter, please contact me.

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-5139**

**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. If the Well is deepened, then Applicant shall conduct and, no later than forty-five (45) days after the Well is deepened, provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
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. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
7. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
8. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



---

**ADRIENNE SANDOVAL  
DIRECTOR**

**DATE:** 12/07/2021



State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **DHC-5139**

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

Well Name: **Rhodes Federal Unit #96**

Well API: **30-025-24536**

Upper Zone	Pool Name: <b>RHODES; YATES-SEVEN RIVERS (GAS)</b>		
	Pool ID: <b>83810</b>	Current: <b>X</b>	New:
	Allocation: <b>Fixed Percent</b>	Oil: <b>0%</b>	Gas: <b>31%</b>
	Interval: <b>Perforations</b>	Top: <b>2,713</b>	Bottom: <b>2,992</b>
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: <b>LEONARD;QUEEN, SOUTH</b>		
	Pool ID: <b>38760</b>	Current:	New: <b>X</b>
	Allocation: <b>Fixed Percent</b>	Oil: <b>100%</b>	Gas: <b>69%</b>
	Interval: <b>Open-Hole</b>	Top: <b>3,360</b>	Bottom: <b>3,450</b>
Bottom of Interval within 150% of Upper Zone's Top of Interval: <b>YES</b>			
Top of Queen Formation: <b>3,360</b>			

**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 33745

**CONDITIONS**

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 1000 Houston, TX 77079	OGRID: 329326
	Action Number: 33745
	Action Type: [C-107] Down Hole Commingle (C-107A)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	12/8/2021