

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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

Print or Type Name

Signature

Engineering Tech

Title

Marshall@FAEnergyus.com

e-mail Address

6/25/2021

Date

FAE II Operating, LLC

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

Operator	Address		
Stevens A 35 Com	2	L-35-23S-36E	Lea
Lease	Well No.	Unit Letter-Section-Township-Range	County
329326	326913	30-02S-09467	X
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	Jalmat		Langlie Mattix
Pool Code	79240		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3,015 – 3,115'		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 / 1.376 BTU		35.0 API / 1.376 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 Gas 0 % 75 %	Oil Gas % %	Oil Gas 100 % 25 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
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	<u>MBates</u>	TITLE	<u>Engineering Tech</u>	DATE	<u>6/20/2021</u>
TYPE OR PRINT NAME	<u>Marshall Bates</u>	TELEPHONE NO.	<u>(832) 706 - 0041</u>		
E-MAIL ADDRESS	<u>Marshall@FAEnergyus.com</u>				

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June 7, 2021

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

Re: Stevens A-35 Com #002: API 30-025-09467
Jalmat Pool: 79240
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) 220-9188 or by email at steven@faenergyus.com.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Steven Lehrbass
Land

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June 20, 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 Stevens A 35 Com #2 well located in Sec. 35, T-23S, R-36E, 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 Stevens A 35 Com #2 well located in Unit Letter L, Section 35, T-23S, R-36E, 1,650 feet FSL and 990 feet FWL, as shown in the attached C-102's for each zone.

Stevens A 35 Com #2 is currently open to the Yates-Seven Rivers interval, which translates to the JALMAT; TAN-YATES-7 RVRS [Pool ID: 79240]. 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 Stevens A 35 Com #2 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, seventeen (17) surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the Stevens A 35 Com #2 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 2.3 BOPD and 37.5 MCFPD is the expected total, and of that, 2.3 BOPD and 9.3 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 28.2 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.

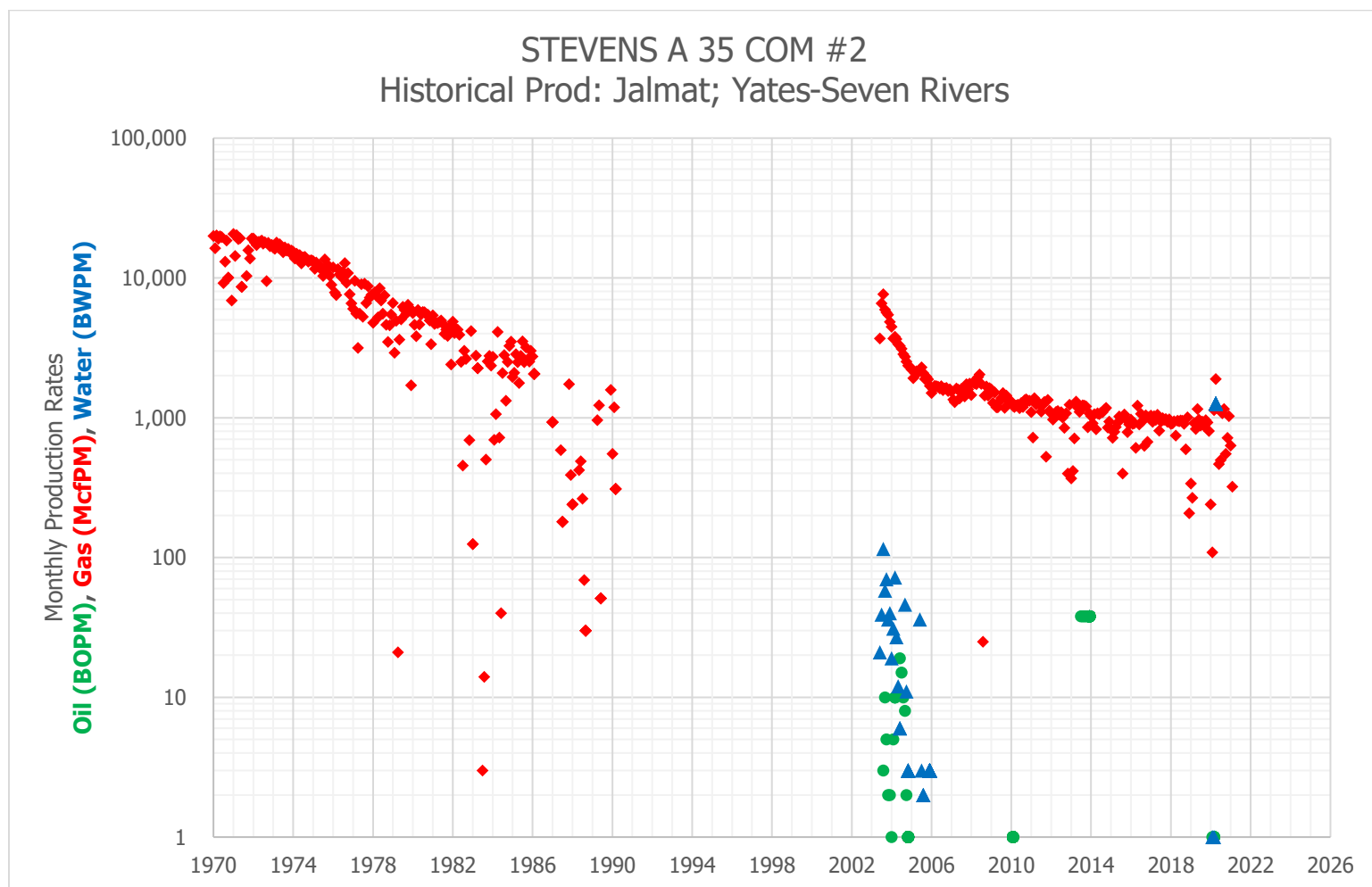
Very truly yours,



FAE II Operating, LLC

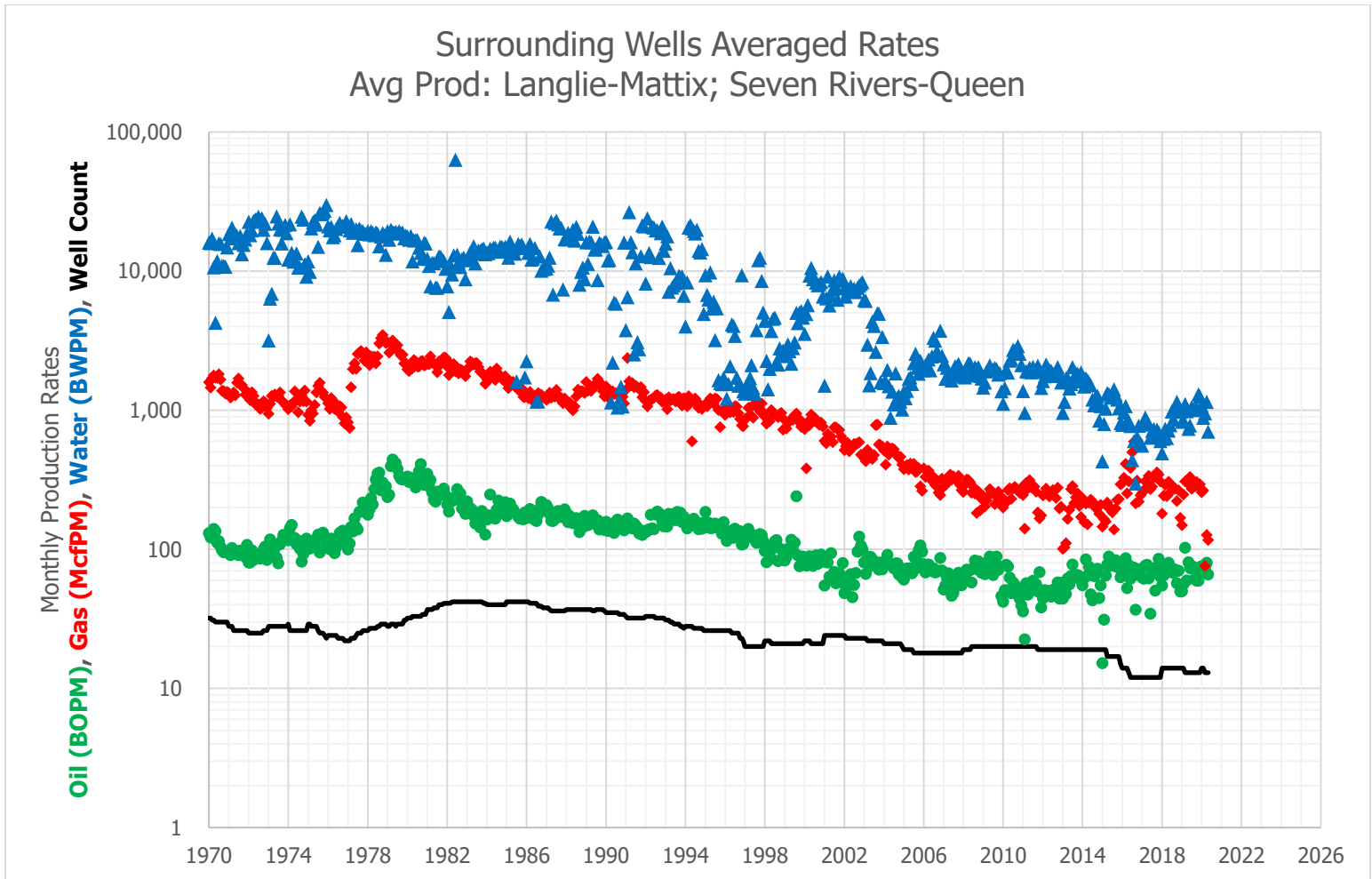
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Exhibit A – Historical and Forecast Production in the Current Zone



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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					STEVENS A 35 COM #2				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)
7/1/2015	81	183	1,242	17	7/1/2015		991		1	69.2	1,141	871
8/1/2015	81	138	1,411	17	8/1/2015		399		2	68.9	1,139	868
9/1/2015	83	196	1,285	17	9/1/2015		1,054		3	68.6	1,136	865
10/1/2015	75	226	1,190	17	10/1/2015		977		4	68.2	1,133	862
11/1/2015	75	229	1,031	17	11/1/2015		787		5	67.9	1,130	860
12/1/2015	63	293	807	15	12/1/2015		896		6	67.6	1,127	857
1/1/2016	70	298	784	14	1/1/2016		971		7	67.3	1,124	854
2/1/2016	75	327	962	14	2/1/2016		902		8	66.9	1,122	851
3/1/2016	86	410	1,071	14	3/1/2016		912		9	66.6	1,119	848
4/1/2016	53	252	838	14	4/1/2016		608		10	66.3	1,116	846
5/1/2016	77	307	829	13	5/1/2016		1,223		11	66.0	1,113	843
6/1/2016	61	382	769	12	6/1/2016		895		12	65.7	1,110	840
7/1/2016	69	498	437	12	7/1/2016		1,064		13	65.3	1,108	837
8/1/2016	74	595	600	12	8/1/2016		946		14	65.0	1,105	834
9/1/2016	37	213	297	12	9/1/2016		629		15	64.7	1,102	832
10/1/2016	66	311	640	12	10/1/2016		1,042		16	64.4	1,099	829
11/1/2016	72	220	772	12	11/1/2016		673		17	64.1	1,097	826
12/1/2016	66	244	579	12	12/1/2016		1,013		18	63.8	1,094	824
1/1/2017	62	254	555	12	1/1/2017		1,035		19	63.5	1,091	821
2/1/2017	61	266	822	12	2/1/2017		933		20	63.2	1,088	818
3/1/2017	76	309	884	12	3/1/2017		1,025		21	62.9	1,086	815
4/1/2017	77	301	821	12	4/1/2017		964		22	62.6	1,083	813
5/1/2017	62	338	787	12	5/1/2017		1,049		23	62.3	1,080	810
6/1/2017	34	270	632	12	6/1/2017		806		24	62.0	1,078	807
7/1/2017	67	282	711	12	7/1/2017		937		25	61.7	1,075	805
8/1/2017	73	329	728	12	8/1/2017		994		26	61.4	1,072	802
9/1/2017	50	335	644	12	9/1/2017		964		27	61.1	1,070	799
10/1/2017	73	356	722	12	10/1/2017		978		28	60.8	1,067	797
11/1/2017	85	343	696	12	11/1/2017		936		29	60.5	1,064	794
12/1/2017	63	306	599	12	12/1/2017		973		30	60.2	1,062	792
1/1/2018	55	180	490	14	1/1/2018		906		31	59.9	1,059	789
2/1/2018	65	243	621	14	2/1/2018		911		32	59.7	1,056	786
3/1/2018	76	290	732	14	3/1/2018		944		33	59.4	1,054	784
4/1/2018	77	240	630	14	4/1/2018		746		34	59.1	1,051	781
5/1/2018	80	306	713	14	5/1/2018		952		35	58.8	1,048	779
6/1/2018	75	257	780	14	6/1/2018		943		36	58.5	1,046	776
7/1/2018	71	282	978	14	7/1/2018		956		37	58.2	1,043	774
8/1/2018	67	280	856	14	8/1/2018		950		38	58.0	1,041	771
9/1/2018	71	273	1,014	14	9/1/2018		903		39	57.7	1,038	769
10/1/2018	57	221	1,148	14	10/1/2018		595		40	57.4	1,035	766
11/1/2018	70	265	1,005	14	11/1/2018		1,008		41	57.1	1,033	763
12/1/2018	50	168	974	14	12/1/2018		207		42	56.9	1,030	761
1/1/2019	50	149	824	14	1/1/2019		339		43	56.6	1,028	758
2/1/2019	56	248	840	14	2/1/2019		268		44	56.3	1,025	756
3/1/2019	103	307	1,103	13	3/1/2019		919		45	56.1	1,022	754
4/1/2019	60	303	984	13	4/1/2019		830		46	55.8	1,020	751
5/1/2019	81	296	735	13	5/1/2019		1,152		47	55.5	1,017	749
6/1/2019	74	331	778	13	6/1/2019		972		48	55.3	1,015	746
7/1/2019	73	272	1,047	13	7/1/2019		879		49	55.0	1,012	744
8/1/2019	75	308	1,009	13	8/1/2019		939		50	54.7	1,010	741
9/1/2019	61	284	1,002	13	9/1/2019		876		51	54.5	1,007	739
10/1/2019	59	304	1,034	13	10/1/2019		962		52	54.2	1,005	736
11/1/2019	60	286	1,297	13	11/1/2019		926		53	53.9	1,002	734
12/1/2019	66	293	1,256	13	12/1/2019		802		54	53.7	1,000	732
1/1/2020	75	257	1,078	14	1/1/2020	-	240	-	55	53.4	997	729
2/1/2020	71	264	883	14	2/1/2020	1	109	1	56	53.2	995	727
3/1/2020	72	76	948	13	3/1/2020	1	1,135	1	57	52.9	992	724
4/1/2020	80	127	1,148	13	4/1/2020		1,890	1,265	58	52.7	990	722
5/1/2020	66	116	701	13	5/1/2020		1,170		59	52.4	987	720
6/1/2020	60	210	725	13	6/1/2020		465		60	52.2	985	717
7/1/2020	58	258	711	13	7/1/2020		498					
8/1/2020	74	387	697	13	8/1/2020		1,078					
9/1/2020	91	369	927	13	9/1/2020		1,157					
10/1/2020	69	214	1,052	13	10/1/2020		552					
11/1/2020	119	240	1,539	12	11/1/2020		717					
12/1/2020	103	386	1,611	12	12/1/2020		1,025					

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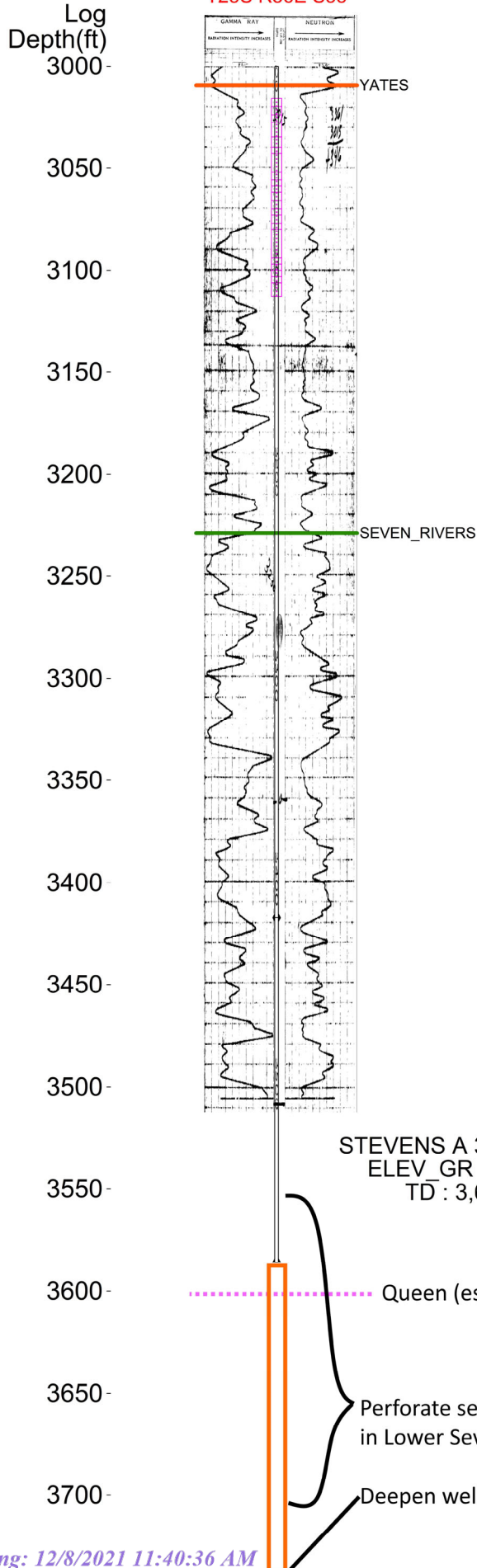
Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Jalmat	Yates-Seven Rivers	0.0	28.2	0.7
Langlie Mattix	Seven Rivers-Queen	2.3	9.3	28.0
	Total	2.3	37.5	28.7
Jalmat	Yates-Seven Rivers	0%	75%	2%
Langlie Mattix	Seven Rivers-Queen	100%	25%	98%
	Total (%)	100%	100%	100%

FAE



STEVENS A 35 COM 2
SPUD DATE : 5/6/1949
T23S R36E S35



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

¹ API Number 30-025-09467	² Pool Code 37240	³ Pool Name LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG
⁴ Property Code 326913	⁵ Property Name STEVENS A-35 COM	⁶ Well Number #002
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC	⁹ Elevation 3561'

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
L	35	23S	36E		1650	S	990	W	LEA

¹¹ 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
L	35	23S	36E		1650	S	990	W	LEA

¹² Dedicated Acres 40	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ 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.

¹⁶ 	¹⁷ 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. Marshall Bates 6/15/2021 Signature Date Marshall Bates Printed Name Marshall@faenergyus.com E-mail Address			
	¹⁸ 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			

District I
1625 N. French Dr., Hobbs, NM 88240
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811 S. First St., Artesia, NM 88210
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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

¹ API Number 30-025-09467		² Pool Code 79240	³ Pool Name JALMAT; TANSILL-YATES-7 RVRS (GAS)
⁴ Property Code 326913	⁵ Property Name STEVENS A-35 COM		⁶ Well Number #002
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC		⁹ Elevation 3561'

¹⁰ Surface Location


UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
L	35	23S	36E		1650	S	990	W	LEA

" 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
L	35	23S	36E		1650	S	990	W	LEA

¹² Dedicated Acres 40	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ 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.

16				<p>17 OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p><u>Marshall Bates</u> 6/15/2021</p> <p>Signature Date</p> <hr/> <p><u>Marshall Bates</u></p> <p>Printed Name</p> <hr/> <p><u>Marshall@faenergyus.com</u></p> <p>E-mail Address</p>
<p>NE/4 SW/4 Sec 35 (40 acres)</p> <p style="text-align: center;">990'</p> <div style="text-align: center;">  </div> <p style="text-align: center; transform: rotate(-90deg);">1650'</p>				<p>18 SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <hr/> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <hr/> <p>Certificate Number</p>

Well Name: **STEVENS A 35 COM #002** Lease No: 030556A Lease Type: Federal
 Township: 23-S Range: 36-E Sec: 35-L Location: 1650 FSL & 990 FWL
 County: Lea State: NM API: 30-025-09467 Formation: Jalmat-Langlie Mattix; Y-7R-Q

Surface Csg

Size: 10-3/4"
 Wt.&Thrd: 32.75#
 Grade: H-40
 Set @: 336'
 Sxs cmt: 300 sxs
 Circ: Circ
 TOC: Surface
 Hole Size:

KB:
 DF: 3361'
 GL: 3352'
 Spud Date: 5/6/1949
 Compl. Date: 5/25/1949

PROPOSED**Production Csg**

Size: 5-1/2"
 Wt.&Thrd: 17/15.5#
 Grade: J-55
 Set @: 2887'
 Sxs Cmt: 950 + 1000 sxs
 Circ: Circ
 TOC: Surface
 Hole Size: 6-3/4"

History - Highlights

1968-01: Clean out to TD. Acidize Open Hole from 3015'-3507' w/ 1500 gals 15% Istne acid & 150 gals Adofoam

1992-11: Well P&A'd

2003-06: Re-enter well to sqz high water zone. Replace top 23' of surface and production csg. DO cmt & CIBP plugs. Drilled new TD to 3604'. Circ hole clean. Ran 4-1/2" production liner. Sqz liner. Sqz 1000 sxs cmt down backside of 5-1/2" csg from surface. Drill out cmt above liner, circ clean. Perf Yates. Acidize & SWF Yates. Run production string & RTP.

Proposed: Deepen well to 3750'. Perfs Lwr 7 RVRs and top of Queen through 4-1/2" liner. Acidize open hole w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt diverter, & flush w/ 1000 bbls 2% KCL water. Acidize new perfs w/ 2500 gals 15% NEFE HCL acid, 750# rock salt diverter, & flush w/ 500 bbls 2% KCL water. RIH w/ production string. RTP DHC Jalmat & Langlie Mattix.

2887-3507' Open hole - May 1949

Acidize 3015'-3507' w/ 1500 gals 15% Istne acid & 150 gals Adofoam - Apr 1966

YATES (Top @ 3015')

3016', 3020', 3024', 3028', 3035', 3040', 3043', 3052', 3056', 3059', 3062', 3066', 3070', 3073', 3077', 3080', 3094', 3097', 3100', 3103', 3106', 3113' (1 SPF) - Mar 2003

Acidize w/ 6200 gals 15% MCA acid; SWF w/ 199,060 gals slickwater & 450,000# sand (10% 20/40, 15% 10/20, 75% 8/16)

SEVEN RIVERS (Top @ 3230')

3465-3595' (2 SPF) - Proposed

Acidize w/ 2500 gals 15% NEFE HCL acid, 750# rock salt diverter, & flush w/ 500 bbls 2% KCL water.

QUEEN (Top @ ~3600')

3604-3750' Open Hole - Proposed

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

Production Lnr

Size: 4-1/2"
 Wt.&Thrd: 11.6#
 Grade: FJL
 Set @: 2794-3586'
 Sxs Cmt: 1800 sxs
 Circ: TOL
 TOC: TOL
 Hole Size: 4-3/4"

Open Hole

Size: 3-3/4"
 Down to: 3750'

PBTD 3750'
 TD 3750'

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 EUE Tubing (~114 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug)

Well Name: **STEVENS A 35 COM #002** Lease No: 030556A Lease Type: Federal
 Township: 23-S Range: 36-E Sec: 35-L Location: 1650 FSL & 990 FWL
 County: Lea State: NM API: 30-025-09467 Formation: Jalmat; Tansill-Yates-7 RVRs

CURRENTSurface Csg

Size: 10-3/4"
 Wt.&Thrd: 32.75#
 Grade: H-40
 Set @: 336'
 Sxs cmt: 300 sxs
 Circ: Circ
 TOC: Surface
 Hole Size:

KB: _____
 DF: 3361'
 GL: 3352'
 Spud Date: 5/6/1949
 Compl. Date: 5/25/1949

History - Highlights

1968-01: Clean out to TD. Acidize Open Hole from 3015'-3507' w/ 1500 gals 15% Istne acid & 150 gals Adofoam

1992-11: Well P&A'd

2003-06: Re-enter well to sqz high water zone. Replace top 23' of surface and production csg. DO cmt & CIBP plugs. Drilled new TD to 3604'. Circ hole clean. Ran 4-1/2" production liner. Sqz liner. Sqz 1000 sxs cmt down backside of 5-1/2" csg from surface. Drill out cmt above liner, circ clean. Perf Yates. Acidize & SWF Yates. Run production string & RTP.

Production Csg

Size: 5-1/2"
 Wt.&Thrd: 17/15.5#
 Grade: J-55
 Set @: 2887'
 Sxs Cmt: 950 + 1000 sxs
 Circ: Circ
 TOC: Surface
 Hole Size: 6-3/4"

SN 3392'
 EOT 3417'

Production Lnr

Size: 4-1/2"
 Wt.&Thrd: 11.6#
 Grade: FJL
 Set @: 2794-3586'
 Sxs Cmt: 1800 sxs
 Circ: _____
 TOC: TOL
 Hole Size: 4-3/4"

2887-3507' Open hole - May 1949

Acidize 3015'-3507' w/ 1500 gals 15% Istne acid & 150 gals Adofoam - Apr 1966

YATES (Top @ 3015')

3016', 3020', 3024', 3028', 3035', 3040', 3043', 3052', 3056', 3059', 3062', 3066', 3070', 3073', 3077', 3080', 3094', 3097', 3100', 3103', 3106', 3113' (1 SPF) - Mar 2003

Acidize w/ 6200 gals 15% MCA acid; SWF w/ 199,060 gals slickwater & 450,000# sand (10% 20/40, 15% 10/20, 75% 8/16)

SEVEN RIVERS (Top @ 3230')

PBTD 3580'
 TD 3604'

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 EUE Tubing (111 jts 2-3/8" tbg, SN, 18' MA w/ 2' AGL + 8' KBC)
 2" x 1-1/4" x 12' RHAC insert pump on 3/4" KD rod string

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>

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

To: McClure, Dean, EMNRD <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

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-5148
Date: Wednesday, December 8, 2021 11:04:39 AM
Attachments: [DHC5148 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5148 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Stevens A 35 Com 2 well (30-025-09467).

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-5148

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 Engineering Bureau. If the depth confirmed by OCD's Engineering Bureau 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 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.
6. 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.
7. 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.

8. 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).
9. 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-5148**

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

Well Name: **Stevens A 35 Com #2**

Well API: **30-025-09467**

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

Upper Zone

Pool ID: **79240**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **0%**

Gas: **75%**

Interval: **Perforations**

Top: **3,015**

Bottom: **3,500**

Pool Name:

Intermediate Zone

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Interval:

Top:

Bottom:

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

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

Lower Zone

Pool ID: **37240**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **100%**

Gas: **25%**

Interval: **Open-Hole**

Top: **3,500**

Bottom: **3,750**

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

Top of Queen Formation: **3,600**

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 33766

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 1000 Houston, TX 77079	OGRID: 329326
	Action Number: 33766
	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