

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

8/3/2021

Date

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	Address		
State C TR 11	3	J-2-21S-36E	Lea
Lease	Well No.	Unit Letter-Section-Township-Range	County
329326	330780	30-02S-25103	X
OGRID No.	Property Code	API No.	Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Oil Center; Glorieta	Hardy; Blinebry	Hardy; Tubb-Drinkard
Pool Code	47970	29710	29760
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,186 – 5,690'	5,690 – 6,330'	6,330 – 7,013'
Method of Production (Flowing or Artificial Lift)	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 / 1.397 BTU	35.0API / 1.397 BTU	35.0 API / 1.397 BTU
Producing, Shut-In or New Zone	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:	See Attached 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 76 % 41 %	Oil Gas 1 % 21 %	Oil Gas 23 % 38 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐  
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐  
Will commingling decrease the value of production? Yes ☐ No ☒  
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐  
NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

- Attachments:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
  - Production curve for each zone for at least one year. (If not available, attach explanation.)
  - For zones with no production history, estimated production rates and supporting data.
  - Data to support allocation method or formula.
  - Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
  - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Marshall Bates TITLE Engineering Tech DATE 8/3/2021

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

E-MAIL ADDRESS Marshall@FAEnergyus.com



# faeIIoperating

July 23, 2021

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

**Re: State C TR 11 #003: API 30-025-25103**  
**Oil Center Pool: 47970**  
**Hardy Blinbry Pool: 29710**  
**Hardy Tubb/Drinkard Pool: 29760**

Dear Mr. McClure:

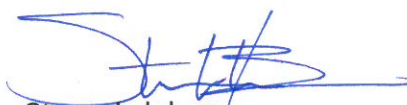
FAE II Operating LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed 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

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August 3, 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 Oil Center and Hardy Pools for the State C TR 11 #3 well located in Sec. 2, T-21S, 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 Oil Center and Hardy Pools for its State C TR 11 #3 well located in Unit Letter J, Section 2, T-21S, R-36E, 1,980 feet FSL and 1,980 feet FEL, as shown in the attached C-102's for each zone.

State C TR 11 #3 is currently open to the Blinebry interval, which translates to the HARDY; BLINEBRY [Pool ID: 29710]. 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 zones that do not have production history in the State C TR 11 #3 are the Glorieta, which translates to the OIL CENTER; GLORIETA [Pool ID: 47970]; and the Tubb-Drinkard, which translates to the HARDY; TUBB-DRINKARD [Pool ID: 29760]. To develop a forecast for these zones, thirteen (13) surrounding wells with production history from the Glorieta and twenty-seven (27) surrounding wells with production history from the Tubb-Drinkard were used as an offset to prove up hole potential in the State C TR 11 #3 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 7.5 BOPD and 44.3 MCFPD is the expected total, and of that, 5.7 BOPD and 18.0 MCFPD will come from the Glorieta zone, while 1.7 BOPD and 16.8 MCFPD will come from the Tubb-Drinkard zone. The Blinebry is projected to yield 0.1 BOPD and 9.5 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,

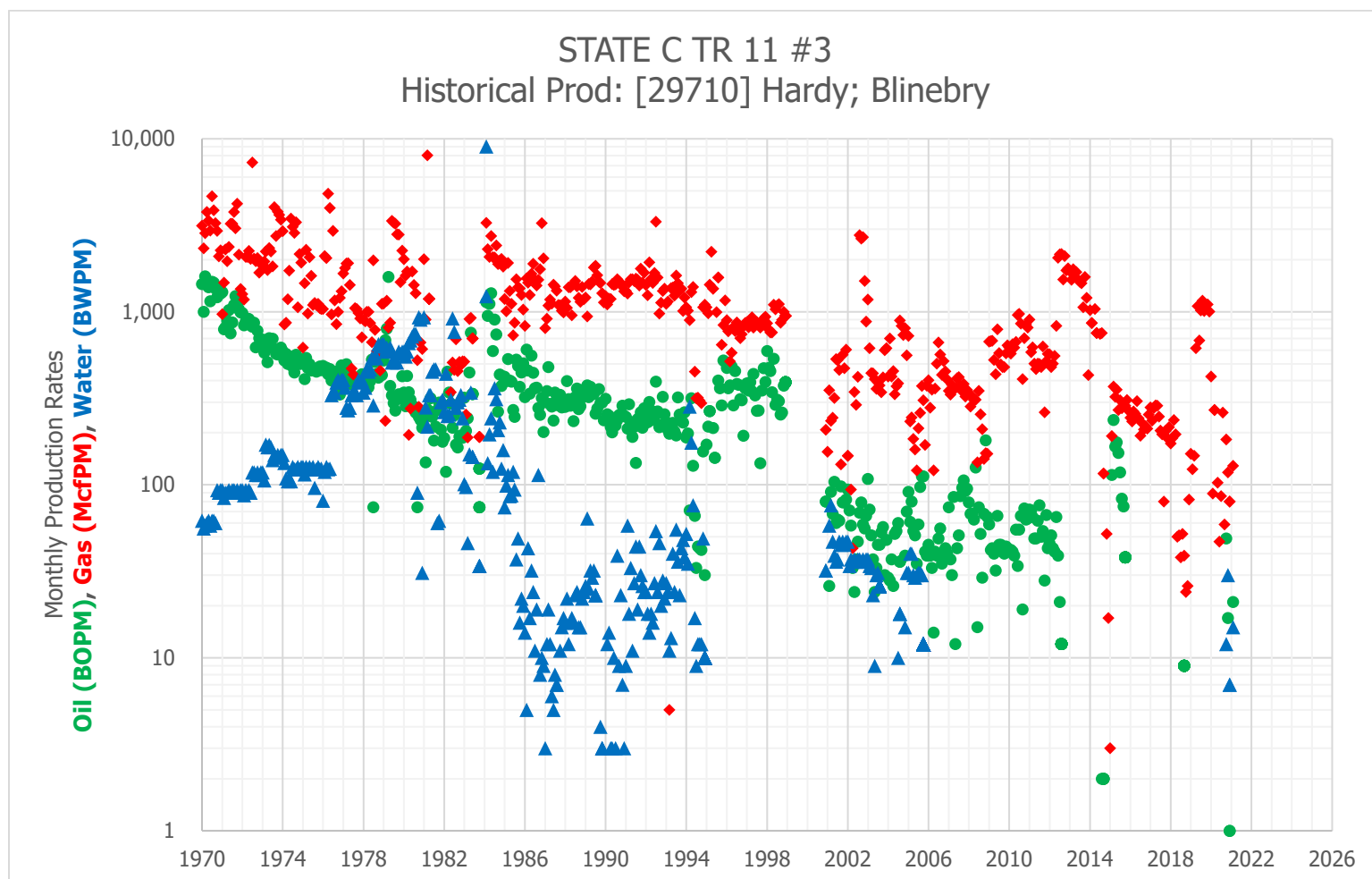


FAE II Operating, LLC



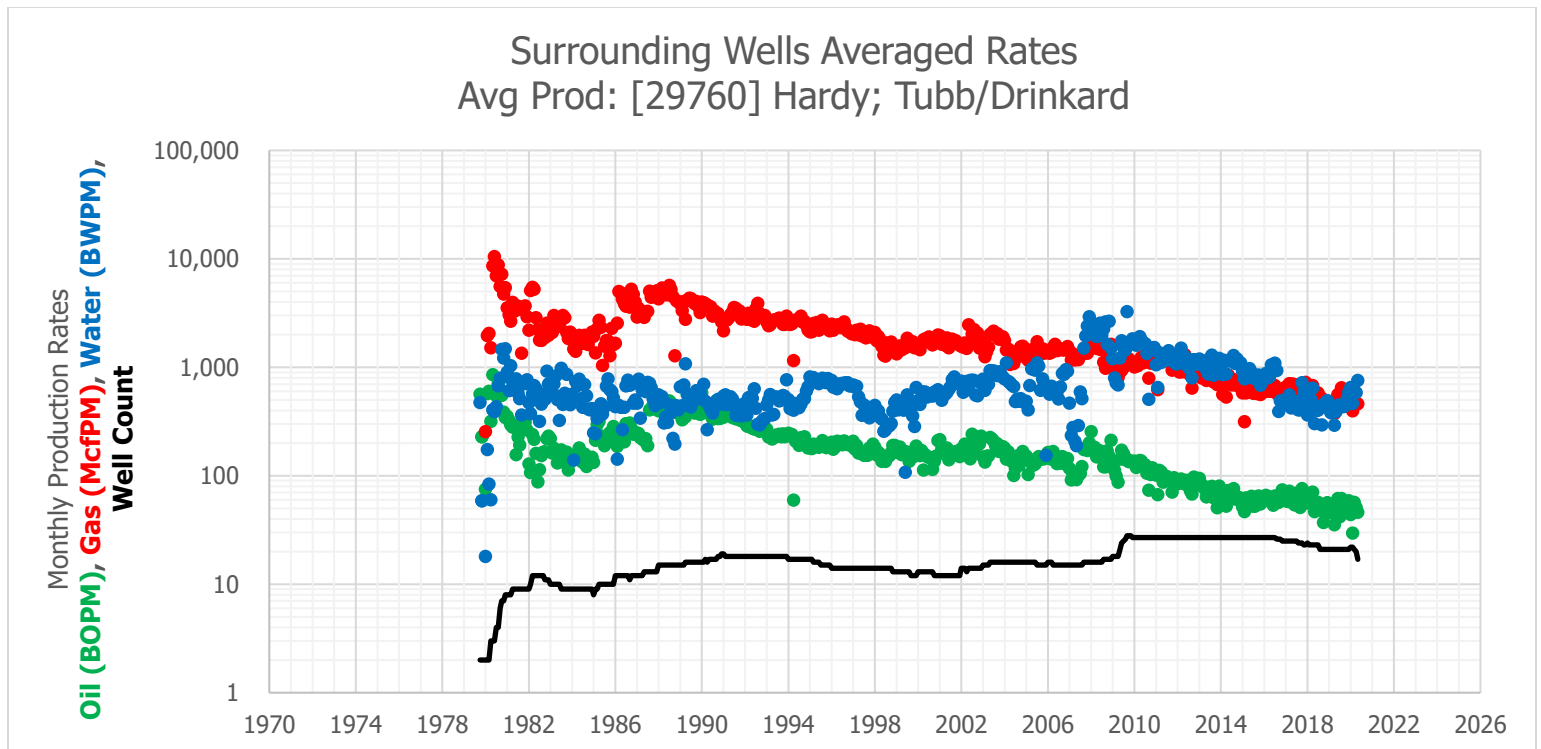
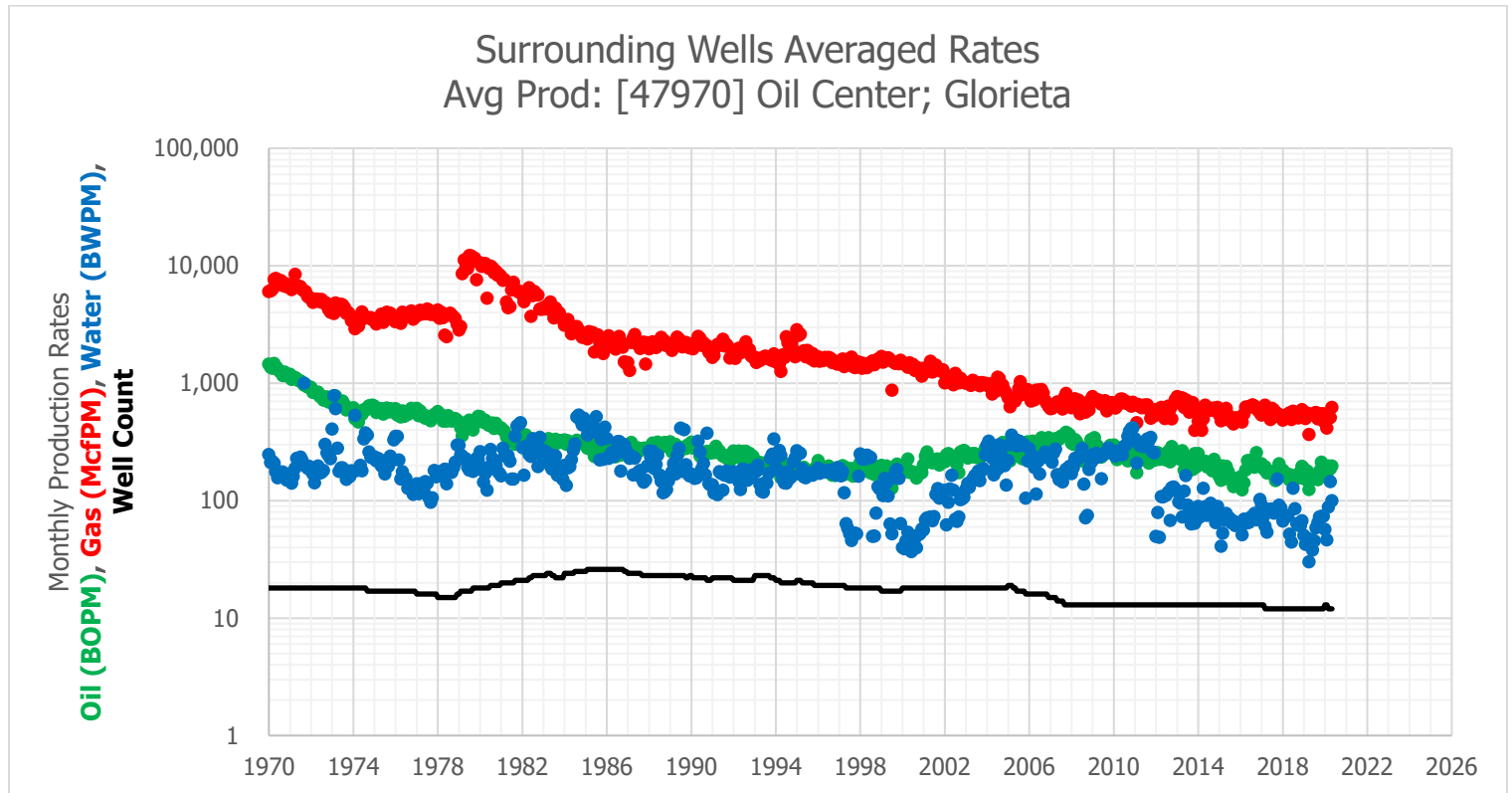
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**Exhibit A – Historical and Forecast Production in the Current Zone**



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





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## Exhibit C – Historical Production and Decline Curve

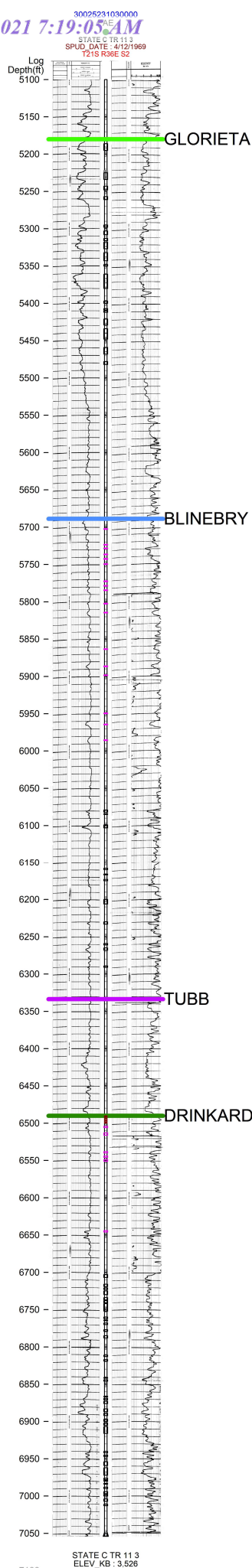
Surrounding Wells Averaged Rates Avg Prod: [47970] Oil Center; Glorieta					Surrounding Wells Averaged Rates Avg Prod: [29760] Hardy; Tubb/Drinkard					STATE C TR 11 #3 Historical Prod: [29710] Hardy; Blinebry				Synthetic Decline Curve			
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	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)
11/1/2015	147	507	62	13	11/1/2015	55	560	686	27	11/1/2015		309		1	231.6	1,922	625
12/1/2015	141	503	62	13	12/1/2015	62	627	776	27	12/1/2015		268		2	230.5	1,917	623
1/1/2016	160	510	62	13	1/1/2016	64	594	828	27	1/1/2016		244		3	229.4	1,912	621
2/1/2016	123	466	51	13	2/1/2016	66	607	882	27	2/1/2016		232		4	228.3	1,907	619
3/1/2016	141	548	69	13	3/1/2016	64	621	797	27	3/1/2016		266		5	227.2	1,903	617
4/1/2016	181	627	64	13	4/1/2016	61	602	814	27	4/1/2016		258		6	226.1	1,898	615
5/1/2016	219	613	65	13	5/1/2016	57	601	1,059	27	5/1/2016		304		7	225.0	1,893	613
6/1/2016	201	635	65	13	6/1/2016	53	615	1,025	27	6/1/2016		242		8	223.9	1,888	611
7/1/2016	220	634	73	13	7/1/2016	65	680	1,093	27	7/1/2016		192		9	222.9	1,884	609
8/1/2016	211	655	73	13	8/1/2016	59	574	933	26	8/1/2016		227		10	221.8	1,879	607
9/1/2016	192	636	78	13	9/1/2016	57	591	392	26	9/1/2016		209		11	220.7	1,874	605
10/1/2016	257	605	69	13	10/1/2016	64	517	491	26	10/1/2016		218		12	219.7	1,870	603
11/1/2016	204	587	76	13	11/1/2016	74	603	463	25	11/1/2016		211		13	218.6	1,865	601
12/1/2016	203	558	102	13	12/1/2016	66	639	492	25	12/1/2016		255		14	217.6	1,860	599
1/1/2017	206	536	91	13	1/1/2017	59	658	506	25	1/1/2017		280		15	216.5	1,856	597
2/1/2017	186	548	73	13	2/1/2017	58	602	449	25	2/1/2017		235		16	215.5	1,851	595
3/1/2017	195	649	61	12	3/1/2017	72	708	559	25	3/1/2017		278		17	214.5	1,846	593
4/1/2017	171	589	54	12	4/1/2017	66	681	421	25	4/1/2017		288		18	213.4	1,842	591
5/1/2017	180	567	84	12	5/1/2017	56	704	436	25	5/1/2017		286		19	212.4	1,837	589
6/1/2017	173	490	83	12	6/1/2017	54	608	465	25	6/1/2017		248		20	211.4	1,832	587
7/1/2017	177	611	85	12	7/1/2017	69	688	484	25	7/1/2017		206		21	210.4	1,828	585
8/1/2017	164	591	78	12	8/1/2017	55	641	406	24	8/1/2017		196		22	209.4	1,823	583
9/1/2017	148	521	80	12	9/1/2017	51	502	406	24	9/1/2017		80		23	208.4	1,819	581
10/1/2017	174	553	153	12	10/1/2017	76	671	721	24	10/1/2017		205		24	207.4	1,814	579
11/1/2017	206	539	92	12	11/1/2017	72	640	581	23	11/1/2017		186		25	206.4	1,810	577
12/1/2017	169	516	87	12	12/1/2017	66	728	506	23	12/1/2017		215		26	205.4	1,805	576
1/1/2018	182	483	67	12	1/1/2018	56	530	364	24	1/1/2018	-	173		27	204.4	1,801	574
2/1/2018	172	511	71	12	2/1/2018	67	597	467	23	2/1/2018	-	186		28	203.5	1,796	572
3/1/2018	164	534	73	12	3/1/2018	69	615	505	23	3/1/2018	-	237		29	202.5	1,792	570
4/1/2018	169	534	75	12	4/1/2018	70	677	641	23	4/1/2018	-	196		30	201.5	1,787	568
5/1/2018	150	558	52	12	5/1/2018	47	476	303	23	5/1/2018	-	50		31	200.6	1,783	566
6/1/2018	148	490	44	12	6/1/2018	49	442	399	23	6/1/2018	-	51		32	199.6	1,778	564
7/1/2018	164	578	127	12	7/1/2018	57	581	402	23	7/1/2018	-	38		33	198.6	1,774	562
8/1/2018	159	564	85	12	8/1/2018	54	532	429	21	8/1/2018	-	52		34	197.7	1,769	561
9/1/2018	164	554	64	12	9/1/2018	52	517	295	21	9/1/2018	9	39		35	196.8	1,765	559
10/1/2018	155	505	62	12	10/1/2018	37	442	458	21	10/1/2018		24		36	195.8	1,761	557
11/1/2018	176	524	61	12	11/1/2018	44	453	452	21	11/1/2018		26		37	194.9	1,756	555
12/1/2018	195	595	68	12	12/1/2018	57	471	492	21	12/1/2018		82		38	193.9	1,752	553
1/1/2019	187	540	51	12	1/1/2019	49	427	412	21	1/1/2019		151		39	193.0	1,747	551
2/1/2019	151	501	43	12	2/1/2019	46	442	382	21	2/1/2019		123		40	192.1	1,743	550
3/1/2019	179	555	48	12	3/1/2019	46	476	424	21	3/1/2019		147		41	191.2	1,739	548
4/1/2019	124	367	30	12	4/1/2019	35	373	293	21	4/1/2019		617		42	190.3	1,734	546
5/1/2019	151	539	47	12	5/1/2019	52	511	390	21	5/1/2019		1,077		43	189.4	1,730	544
6/1/2019	156	537	38	12	6/1/2019	62	562	448	21	6/1/2019		683		44	188.4	1,726	542
7/1/2019	162	556	45	12	7/1/2019	42	483	443	21	7/1/2019		1,018		45	187.5	1,721	541
8/1/2019	162	561	59	12	8/1/2019	62	647	449	21	8/1/2019		1,160		46	186.6	1,717	539
9/1/2019	151	497	65	12	9/1/2019	51	537	433	21	9/1/2019		1,009		47	185.8	1,713	537
10/1/2019	179	534	73	12	10/1/2019	50	520	444	21	10/1/2019		1,099		48	184.9	1,709	535
11/1/2019	213	550	74	12	11/1/2019	52	576	519	21	11/1/2019		1,103		49	184.0	1,704	534
12/1/2019	201	548	74	12	12/1/2019	59	545	593	21	12/1/2019		1,004		50	183.1	1,700	532
1/1/2020	183	460	57	13	1/1/2020	44	437	654	22	1/1/2020	-	422	-	51	182.2	1,696	530
2/1/2020	169	415	46	13	2/1/2020	30	396	465	22	2/1/2020	-	89	-	52	181.4	1,692	528
3/1/2020	198	501	88	12	3/1/2020	57	463	578	21	3/1/2020	-	271	-	53	180.5	1,687	527
4/1/2020	186	509	145	12	4/1/2020	51	459	585	20	4/1/2020	-	-	-	54	179.6	1,683	525
5/1/2020	197	623	100	12	5/1/2020	46	461	758	17	5/1/2020	-	103	-	55	178.8	1,679	523
6/1/2020	189	596	100	12	6/1/2020	20	180	710	17	6/1/2020	-	47	-	56	177.9	1,675	521
7/1/2020	176	598	124	12	7/1/2020	52	454	828	17	7/1/2020	-	86	-	57	177.1	1,671	520
8/1/2020	188	610	92	12	8/1/2020	51	474	733	17	8/1/2020	-	261	-	58	176.2	1,666	518
9/1/2020	195	552	69	12	9/1/2020	42	386	654	17	9/1/2020	-	59	-	59	175.4	1,662	516
10/1/2020	179	553	64	12	10/1/2020	41	393	675	17	10/1/2020	49	183	12	60	174.5	1,658	515
11/1/2020	182	563	69	12	11/1/2020	48	416	716	17	11/1/2020	17	118	30				
12/1/2020	167	539	72	12	12/1/2020	48	410	740	17	12/1/2020	1	80	7				
1/1/2021	125	565	119	12	1/1/2021	29	325	608	17	1/1/2021	-	-	-				
2/1/2021	95	410	86	12	2/1/2021	18	160	542	17	2/1/2021	21	129	15				
3/1/2021	108	573	135	10	3/1/2021	20	97	608	17	3/1/2021	-	-	-				
4/1/2021	82	401	96	10	4/1/2021	23	156	627	17	4/1/2021	-	-	-				

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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)
Oil Center	Glorieta	5.7	18.0	2.5
Hardy	Blinbry	0.1	9.5	0.0
Hardy	Tubb-Drinkard	1.7	16.8	17.9
	<b>Total</b>	<b>7.5</b>	<b>44.3</b>	<b>20.5</b>
Oil Center	Glorieta	76%	41%	12%
Hardy	Blinbry	1%	21%	0%
Hardy	Tubb-Drinkard	23%	38%	88%
	<b>Total (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>





API	PERF TYPE	SOURCE	TOP PERF	BASE PERF
30025231030000	PROPOSED	CJH	5186	5195
30025231030000	PROPOSED	CJH	5225	5234
30025231030000	PROPOSED	CJH	5243	5248
30025231030000	PROPOSED	CJH	5257	5261
30025231030000	PROPOSED	CJH	5295	5298
30025231030000	PROPOSED	CJH	5303	5308
30025231030000	PROPOSED	CJH	5313	5316
30025231030000	PROPOSED	CJH	5318	5327
30025231030000	PROPOSED	CJH	5332	5343
30025231030000	PROPOSED	CJH	5348	5350
30025231030000	PROPOSED	CJH	5361	5380
30025231030000	PROPOSED	CJH	5397	5400
30025231030000	PROPOSED	CJH	5407	5409
30025231030000	PROPOSED	CJH	5410	5412
30025231030000	PROPOSED	CJH	5421	5429
30025231030000	PROPOSED	CJH	5434	5448
30025231030000	PROPOSED	CJH	5459	5468
30025231030000	PROPOSED	CJH	5478	5482
30025231030000	PROPOSED	CJH	6079	6082
30025231030000	PROPOSED	CJH	6084	6085
30025231030000	PROPOSED	CJH	6099	6103
30025231030000	PROPOSED	CJH	6158	6160
30025231030000	PROPOSED	CJH	6166	6167
30025231030000	PROPOSED	CJH	6173	6175
30025231030000	PROPOSED	CJH	6200	6206
30025231030000	PROPOSED	CJH	6230	6233
30025231030000	PROPOSED	CJH	6259	6261
30025231030000	PROPOSED	CJH	6265	6268
30025231030000	PROPOSED	CJH	6289	6291
30025231030000	PROPOSED	CJH	6703	6707
30025231030000	PROPOSED	CJH	6716	6719
30025231030000	PROPOSED	CJH	6721	6723
30025231030000	PROPOSED	CJH	6725	6730
30025231030000	PROPOSED	CJH	6734	6737
30025231030000	PROPOSED	CJH	6738	6741
30025231030000	PROPOSED	CJH	6742	6752
30025231030000	PROPOSED	CJH	6760	6762
30025231030000	PROPOSED	CJH	6764	6765
30025231030000	PROPOSED	CJH	6768	6770
30025231030000	PROPOSED	CJH	6777	6779
30025231030000	PROPOSED	CJH	6785	6789
30025231030000	PROPOSED	CJH	6811	6813
30025231030000	PROPOSED	CJH	6817	6819
30025231030000	PROPOSED	CJH	6841	6842
30025231030000	PROPOSED	CJH	6844	6846
30025231030000	PROPOSED	CJH	6866	6867
30025231030000	PROPOSED	CJH	6869	6871
30025231030000	PROPOSED	CJH	6873	6876
30025231030000	PROPOSED	CJH	6883	6887
30025231030000	PROPOSED	CJH	6889	6892
30025231030000	PROPOSED	CJH	6897	6900
30025231030000	PROPOSED	CJH	6902	6905
30025231030000	PROPOSED	CJH	6907	6916
30025231030000	PROPOSED	CJH	6940	6942
30025231030000	PROPOSED	CJH	6945	6947
30025231030000	PROPOSED	CJH	6954	6959
30025231030000	PROPOSED	CJH	6962	6972
30025231030000	PROPOSED	CJH	6976	6978
30025231030000	PROPOSED	CJH	6979	6980
30025231030000	PROPOSED	CJH	6983	6984
30025231030000	PROPOSED	CJH	6988	6990
30025231030000	PROPOSED	CJH	6994	6997
30025231030000	PROPOSED	CJH	6998	7000
30025231030000	PROPOSED	CJH	7004	7007
30025231030000	PROPOSED	CJH	7011	7013

District I  
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District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
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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 30-025-23103	<sup>2</sup> Pool Code 29710	<sup>3</sup> Pool Name HARDY; BLINEBRY
<sup>4</sup> Property Code 330780	<sup>5</sup> Property Name STATE C TR 11	<sup>6</sup> Well Number #003
<sup>7</sup> OGRID No. 329326	<sup>8</sup> Operator Name FAE II OPERATING, LLC	<sup>9</sup> Elevation

<sup>10</sup> Surface Location

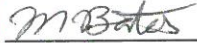
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
J	2	21S	36E		1980	S	1980	E	LEA

<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
J	2	21S	36E		1980	S	1980	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.  8/3/2021 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		



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WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-23103	<sup>2</sup> Pool Code 29760	<sup>3</sup> Pool Name HARDY; TUBB/DRINKARD
<sup>4</sup> Property Code 330780	<sup>5</sup> Property Name STATE C TR 11	<sup>6</sup> Well Number #003
<sup>7</sup> OGRID No. 329326	<sup>8</sup> Operator Name FAE II OPERATING, LLC	<sup>9</sup> Elevation

<sup>10</sup> Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
J	2	21S	36E		1980	S	1980	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
J	2	21S	36E		1980	S	1980	E	LEA

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.

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<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.  Signature Date 8/3/2021 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	

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WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-23103	<sup>2</sup> Pool Code 47970	<sup>3</sup> Pool Name OIL CENTER; GLORIETA
<sup>4</sup> Property Code 330780	<sup>5</sup> Property Name STATE C TR 11	<sup>6</sup> Well Number #003
<sup>7</sup> OGRID No. 329326	<sup>8</sup> Operator Name FAE II OPERATING, LLC	<sup>9</sup> Elevation

<sup>10</sup> Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
J	2	21S	36E		1980	S	1980	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
J	2	21S	36E		1980	S	1980	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 Date 8/3/2021 Marshall Bates Printed Name Marshall@FAEnergyus.com E-mail Address	
	<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	



FAE II Operating LLC  
11757 Katy Fwy #725, Houston, TX 77079  
(832) 219-0990  
vanessa@faenergyus.com

faeIIoperating

Dec 30, 2021

Dean McClure  
Petroleum Engineer, Oil Conservation Division  
New Mexico Energy, Minerals and Natural Resources Department  
1220 South St. Francis Dr  
Santa Fe, NM 87505

**Re: State C TR 11 #003**  
**API: 30-025-23103**  
**[47970] Oil Center; Glorieta**  
**[29710] Hardy; Blinebry**  
**[29760] Hardy; Tubb-Drinkard**

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 downhole commingling project. After reviewing records of wells in the area, it was determined that the formations within the **[47970] Oil Center; Glorieta, [29710] Hardy; Blinebry, and [29760] Hardy; Tubb-Drinkard** pools are commonly downhole commingled, as seen in the attached table.

If you have any questions, please feel free to contact the undersigned. Thank you for your attention to this matter.

Respectfully,



Vanessa Neal  
Sr Reservoir Engineer



Like down-hole commingled wells in the area

Well Name	API	Order No	DHC Pool 1	DHC Pool 2	DHC Pool 3	DHC Pool 4
BRITT B #055C	30-025-43156	DHC-4780	SKAGGS;GLORIETA	WEIR;BLINEBRY	MONUMENT;TUBB	SKAGGS;DRINKARD
BRITT B #054	30-025-42834	DHC-4777	SKAGGS;GLORIETA	WEIR;BLINEBRY	MONUMENT;TUBB	SKAGGS;DRINKARD
BRITT B #053C	30-025-43155	DHC-4776	SKAGGS;GLORIETA	WEIR;BLINEBRY	MONUMENT;TUBB	SKAGGS;DRINKARD
APACHE STATE Q #009	30-025-39906	DHC-4418	SKAGGS;GLORIETA, NORTHWEST	WEIR;BLINEBRY	MONUMENT;TUBB	WEIR;DRINKARD
USA J A AKENS #012	30-025-29514	DHC-0997	OIL CENTER;GLORIETA	OIL CENTER;BLINEBRY	HARDY;TUBB-DRINKARD	
H T ORCUTT NCT E #005	30-025-38374	DHC-3886	WEIR;BLINEBRY, EAST	MONUMENT;TUBB	SKAGGS;DRINKARD	
H T ORCUTT NCT E #003	30-025-34209	DHC-3757-A	SKAGGS;GLORIETA, NORTHWEST	MONUMENT;PADDOCK	WEIR;BLINEBRY	
H T ORCUTT NCT E #004	30-025-36753	DHC-3407	SKAGGS;GLORIETA, NORTHWEST	WEIR;BLINEBRY		
M B WEIR B #012	30-025-29734	DHC-1502	WEIR;BLINEBRY, EAST	SKAGGS;DRINKARD		
NEW MEXICO G STATE #001	30-025-30100	DHC-0996	OIL CENTER;GLORIETA	HARDY;BLINEBRY		
M B WEIR B #007	30-025-06080	DHC-0807	WEIR;BLINEBRY, EAST	MONUMENT;TUBB		
MCQUATTERS #003	30-025-26340	DHC-0601	HARDY;BLINEBRY	HARDY DRINKARD (CONSOLIDATED)**		
SHELL STATE #002	30-025-24921	DHC-0300	BLINEBRY (CONSOLIDATED)	DRINKARD		
C H WEIR B #002	30-025-06059	DHC-0220	WEIR;BLINEBRY, EAST	SKAGGS;DRINKARD		
C H WEIR A #007	30-025-06073	DHC-0179	SKAGGS;GLORIETA	SKAGGS;DRINKARD		

Well Name: **State C TR 11 #003** Lease No: **B-1557** Lease Type: **State**  
 Township: **21-S** Range: **36-E** Sec: **02-J** Location: **1980' FSL & 1980' FEL**  
 County: **Lea** State: **NM** API: **30-025-23103** Formation: **[47970] OIL CENTER; GLORIETA, [29710] HARDY; BLINEBRY, [29760] HARDY; TUBB-DRINKARD**

**Surface Csg**

Size: **9-5/8"**  
 Wt.&Thrd: **32.3# ST&C**  
 Grade: **H-40**  
 Set @: **1302'**  
 Sxs cmt: **750 sxs**  
 Circ: **20 sxs**  
 TOC: **Surface**  
 Hole Size: **12-1/4"**

KB: **3526'**  
 DF: **3525'**  
 GL: **3511.25'**  
 Spud Date: **4/13/1969**  
 Compl. Date: **5/20/1969**

**PROPOSED****History - Highlights**

**1969-05:** Test DRINKARD, abandon & RC to BLINEBRY  
**1983-08:** Test GLORIETA: set RBP to isolate BLINEBRY; add perms, acidize, & frac GLORIETA  
**1984-01:** Sqz GLORIETA & RC to BLINEBRY  
**1986-10:** Ran bond log to find TOC behind surface csg  
**Proposed:** DO cmt & CIBP, CO to PBTD, Add Perfs & Acidize GLORIETA, BLINEBRY & DRINKARD, DHC Oil Center; Glorieta & Hardy; Blinbry, Tubb-Drinkard pools

**YATES (Top @ 2623')****7 RVRs (Top @ 2878')****QUEEN (Top @ 3358')****GRAYBURG (Top @ 3600')****SAN ANDRES (Top @ 4000')****GLORIETA (Top @ 5180')**

5222-5234' (4 SPF) - Jun 1983 [SQUEEZED]

Acidized w/ 1500 gals 15% NEFE HCL acid, 35,700 scf N2 & flush w/ 12 bbls 10# 2% KCL brine & N2; Frac w/ 15,750 gals 30# gel fresh wtr, CO2, 16,100# 20/40 sand & flush w/ 15 bbls 2% KCL fresh wtr & CO2

5186-5195', 5225-5234', 5243-5248', 5257-5261', 5295-5298', 5303-5308', 5313-5316', 5318-5327', 5332-5343', 5348-5350', 5361-5380', 5397-5400', 5407-5409', 5410-5412', 5421-5429', 5434-5448', 5459-5468', 5478-5482' (2 SPF) - Proposed

Acidize 5186-5380' w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt, & flush w/ 1000 bbls 2% KCL wtr

Acidize 5397-5482' w/ 3000 gals 15% NEFE HCL acid, 750# rock salt, & flush w/ 500 bbls 2% KCL wtr

**BLINEBRY (Top @ 5712')**

5702', 5723', 5728', 5736', 5742', 5749', 5772', 5778', 5784', 5802', 5814', 5863', 5886', 5898', 5949', 5964', 5985' (1 SPF) - May 1969

Acidized w/ 5000 gals 15% acid; Frac w/ 40,000 gals gel brine, 35,000# 20/40 sand, & 5,000# 10/20 sand

Acidized w/ 1000 gals 15% HCL acid & flush w/ 27 bbls wtr

Acidize w/ 3000 gals 15% NEFE HCL acid, 750# rock salt, & flush w/ 500 bbls 2% KCL wtr

6079-6082', 6084-6085', 6099-6103', 6158-6160', 6166-6167', 6173-6175', 6200-6206', 6230-6233', 6259-6261', 6265-6268', 6289-6291' (2 SPF) - Proposed

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

**TUBB (Top @ 6350')****DRINKARD (Top @ 6490')**

6504-6506', 6513-6516', 6538-6540', 6544-6546', 6549-6551', 6644-6646' (2 SPF) - May 1969

Acidized w/ 5000 gals acid

6703-6707', 6716-6719', 6721-6723', 6725-6730', 6734-6737', 6738-6741', 6742-6752', 6760-6762', 6764-6765', 6768-6770', 6777-6779', 6785-6789', 6811-6813', 6817-6819', 6841-6842', 6844-6846', 6866-6867', 6869-6871', 6873-6876', 6883-6887', 6889-6892', 6897-6900', 6902-6905', 6907-6916', 6940-6942', 6945-6947', 6954-6959', 6962-6972', 6976-6978', 6979-6980', 6983-6984', 6988-6990', 6994-6997', 6998-7000', 7004-7007', 7011-7013' (2 SPF) - Proposed

Acidize 6504-6789' w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt, & flush w/ 1000 bbls 2% KCL wtr

Acidize 6811-7013' w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt, & flush w/ 1000 bbls 2% KCL wtr

TAC **6461'**  
 SN **6785'**  
 EOT **6854'**

**Production Csg**

Size: **4-1/2"**  
 Wt.&Thrd: **9.5/10.5#**  
 Grade: **J-55**  
 Set @: **7054'**  
 Sxs Cmt: **1200 sxs**  
 Circ:   
 TOC: **2910' (log)**  
 Hole Size: **8-3/4"**

**PBTD ~7025'****TD 7054'****Tubulars - Capacities and Performance**

2-7/8" 6.5# J-55 EUE Tubing (200 jts 2-7/8" tbg, TAC, ## jts 2-7/8" tbg, SN, 4' perf sub, 64' MA w/ bull plug)  
 Pump & rods

Well Name: State C TR 11 #003 Lease No: B-1557 Lease Type: State  
 Township: 21-S Range: 36-E Sec: 02-J Location: 1980' FSL & 1980' FEL  
 County: Lea State: NM API: 30-025-23103 Formation: [29710] HARDY; BLINEBRY

**Surface Csg**

Size: 9-5/8"  
 Wt.&Thrd: 32.3# ST&C  
 Grade: H-40  
 Set @: 1302'  
 Sxs cmt: 750 sxs  
 Circ: 20 sxs  
 TOC: Surface  
 Hole Size: 12-1/4"

KB: 3526'  
 DF: 3525'  
 GL: 3511.25'  
 Spud Date: 4/13/1969  
 Compl. Date: 5/20/1969

**History - Highlights**

**1969-05:** Test DRINKARD, abandon & RC to BLINEBRY  
**1983-08:** Test GLORIETA: set RBP to isolate BLINEBRY; add perms, acidize, & frac GLORIETA  
**1984-01:** Sqz GLORIETA & RC to BLINEBRY  
**1986-10:** Ran bond log to find TOC behind surface csg

All info from OCD well files ONLY

YATES (Top @ 2623')7 RVRs (Top @ 2878')QUEEN (Top @ 3358')GRAYBURG (Top @ 3600')SAN ANDRES (Top @ 4000')**GLORIETA (Top @ 5180') [SQUEEZED]**

5222-5234' (4 SPF) - Jun 1983

Acidized w/ 1500 gals 15% NEFE HCL acid, 35,700 scf N2 & flush w/ 12 bbls 10# 2% KCL brine & N2; Frac w/ 15,750 gals 30# gel fresh wtr, CO2, 16,100# 20/40 sand & flush w/ 15 bbls 2% KCL fresh wtr & CO2

**BLINEBRY (Top @ 5712')**

5702', 5723', 5728', 5736', 5742', 5749', 5772', 5778', 5784', 5802', 5814', 5863', 5886', 5898', 5949', 5964', 5985' (1 SPF) - May 1969

Acidized w/ 5000 gals 15% acid; Frac w/ 40,000 gals gel brine, 35,000# 20/40 sand, & 5,000# 10/20 sand

Acidized w/ 1000 gals 15% HCL acid & flush w/ 27 bbls wtr

**TUBB (Top @ 6350')****DRINKARD (Top @ 6490') [ISOLATED]**

6504-6506', 6513-6516', 6538-6540', 6544-6546', 6549-6551', 6644-6646' (2 SPF) - May 1  
 Acidized w/ 5000 gals acid

EOT 6004'  
 Cmt on top 6340'  
 CIBP 6350'

**Production Csg**

Size: 4-1/2"  
 Wt.&Thrd: 9.5/10.5#  
 Grade: J-55  
 Set @: 7054'  
 Sxs Cmt: 1200 sxs  
 Circ:   
 TOC: 2910' (log)  
 Hole Size: 8-3/4"

PBTD 6340'  
 TD 7054'

**Tubulars - Capacities and Performance**

2-3/8" 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

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**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**

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**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Vanessa Neal](#); [Marshall Bates](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com); [Dawson, Scott](#)  
**Subject:** Approved Administrative Order DHC-5152  
**Date:** Tuesday, March 22, 2022 5:57:02 PM  
**Attachments:** [DHC5152 Order.pdf](#)

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NMOCD has issued Administrative Order DHC-5152 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 3 pools in their State C TR 11 #3 well (30-025-23103).

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-5152**

**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**



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**ADRIENNE SANDOVAL  
DIRECTOR**

**DATE:** 3/22/2022



State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **DHC-5152**

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

Well Name: **State C TR 11 #3**

Well API: **30-025-23103**

Upper Zone	Pool Name: <b>OIL CENTER; GLORIETA</b>		
	Pool ID: <b>47970</b>	Current:	New: <b>X</b>
	Allocation: <b>Fixed Percent</b>	Oil: <b>76%</b>	Gas: <b>41%</b>
	Interval: <b>Perforations</b>	Top: <b>5,186</b>	Bottom: <b>5,482</b>
Intermediate Zone	Pool Name: <b>HARDY; BLINEBRY</b>		
	Pool ID: <b>29710</b>	Current: <b>X</b>	New:
	Allocation: <b>Fixed Percent</b>	Oil: <b>1%</b>	Gas: <b>21%</b>
	Interval: <b>Perforations</b>	Top: <b>5,702</b>	Bottom: <b>6,291</b>
Bottom of Interval within 150% of Upper Zone's Top of Interval: <b>YES</b>			
Lower Zone	Pool Name: <b>HARDY;TUBB-DRINKARD</b>		
	Pool ID: <b>29760</b>	Current:	New: <b>X</b>
	Allocation: <b>Fixed Percent</b>	Oil: <b>23%</b>	Gas: <b>38%</b>
	Interval: <b>Perforations</b>	Top: <b>6,504</b>	Bottom: <b>7,013</b>
Bottom of Interval within 150% of Upper Zone's Top of Interval: <b>YES</b>			

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**District II**  
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**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 41079

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 41079
	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.	3/22/2022