

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		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

Form C-107A
Revised August 1, 2011

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

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: State A A/C 1, Address: C-14-23S-36E, Well No.: 129, Unit Letter-Section-Township-Range: 30-025-34877, County: Lea, Lease: 329326, OGRID No., Property Code, API No., Lease Type: Federal State Fee

Table with 4 columns: DATA ELEMENT, UPPER ZONE, INTERMEDIATE ZONE, LOWER ZONE. Rows include Pool Name, Pool Code, Top and Bottom of Pay Section, Method of Production, Bottomhole Pressure, Oil Gravity or Gas BTU, Producing, Shut-In or New Zone, Date and Oil/Gas/Water Rates of Last Production, and Fixed Allocation Percentage.

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X 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 X No
Will commingling decrease the value of production? Yes No X
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 X 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: 6/24/2021, TYPE OR PRINT NAME: Marshall Bates, TELEPHONE NO.: (832) 706 - 0041, E-MAIL ADDRESS: Marshall@FAEnergyus.com

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June 22, 2021

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

Re: State A A/C 1 #129: API 30-025-34877
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 Lehbass
Land

fae II Operating

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 Jalmat and Langlie Mattix Pools for the State A A/C 1 #129 well located in Sec. 14, 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 State A A/C 1 #129 well located in Unit Letter C, Section 14, T-23S, R-36E, 660 feet FNL and 2,130 feet FWL, as shown in the attached C-102's for each zone.

State A A/C 1 #129 is currently open to the Yates-Seven Rivers interval, which translates to the JALMAT; TAN-YATES-7 RVRS (GAS) [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 State A A/C 1 #129 is the Seven Rivers-Queen, which translates to the LANGLEIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a forecast for this zone, 110 surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the State A A/C 1 #129 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 1.1 BOPD and 23.1 MCFPD is the expected total, and of that, 1.1 BOPD and 15.6 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 7.5 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 or by telephone at (832) 241-8080.

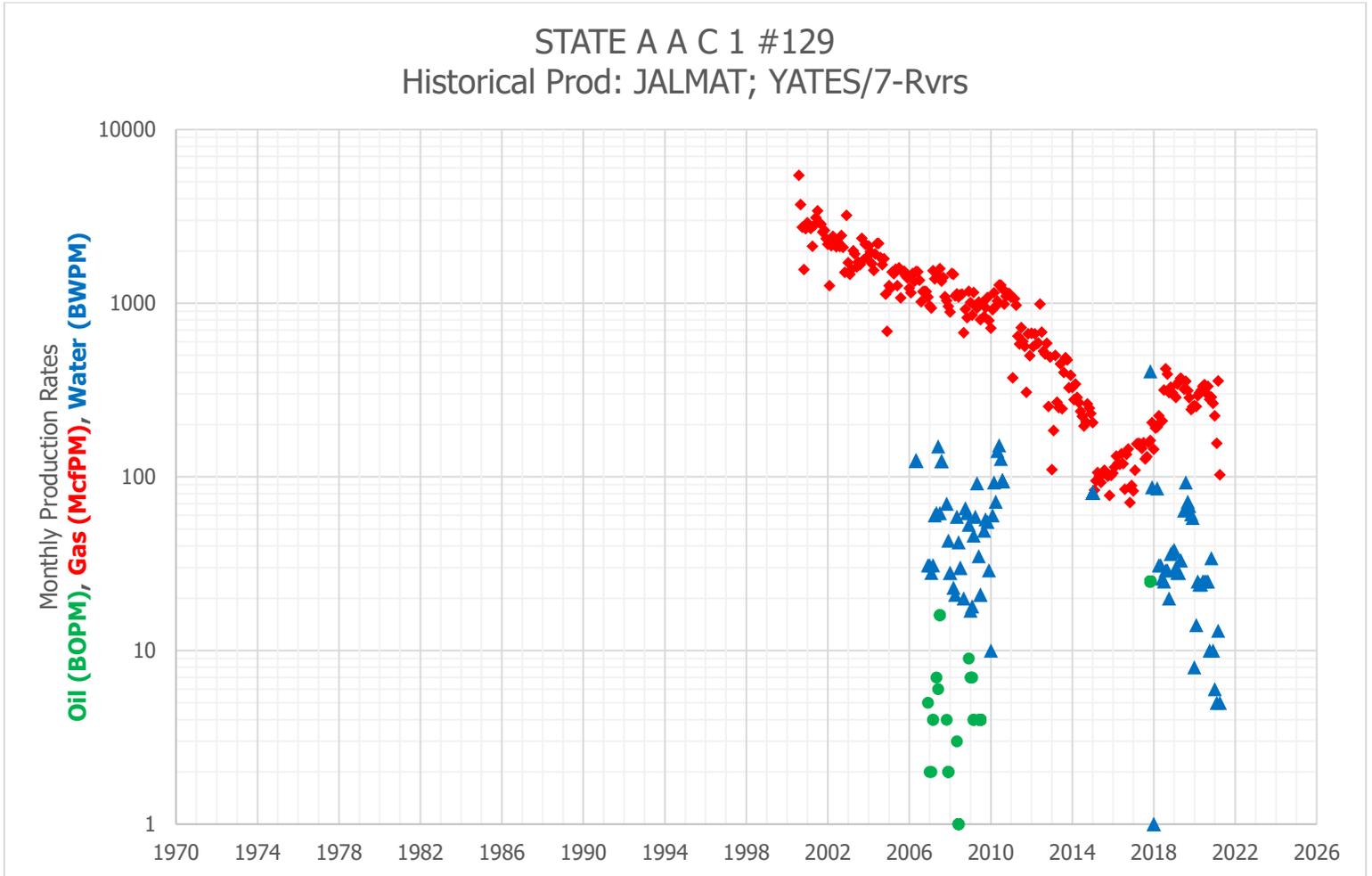
Very truly yours,



FAE II Operating, LLC

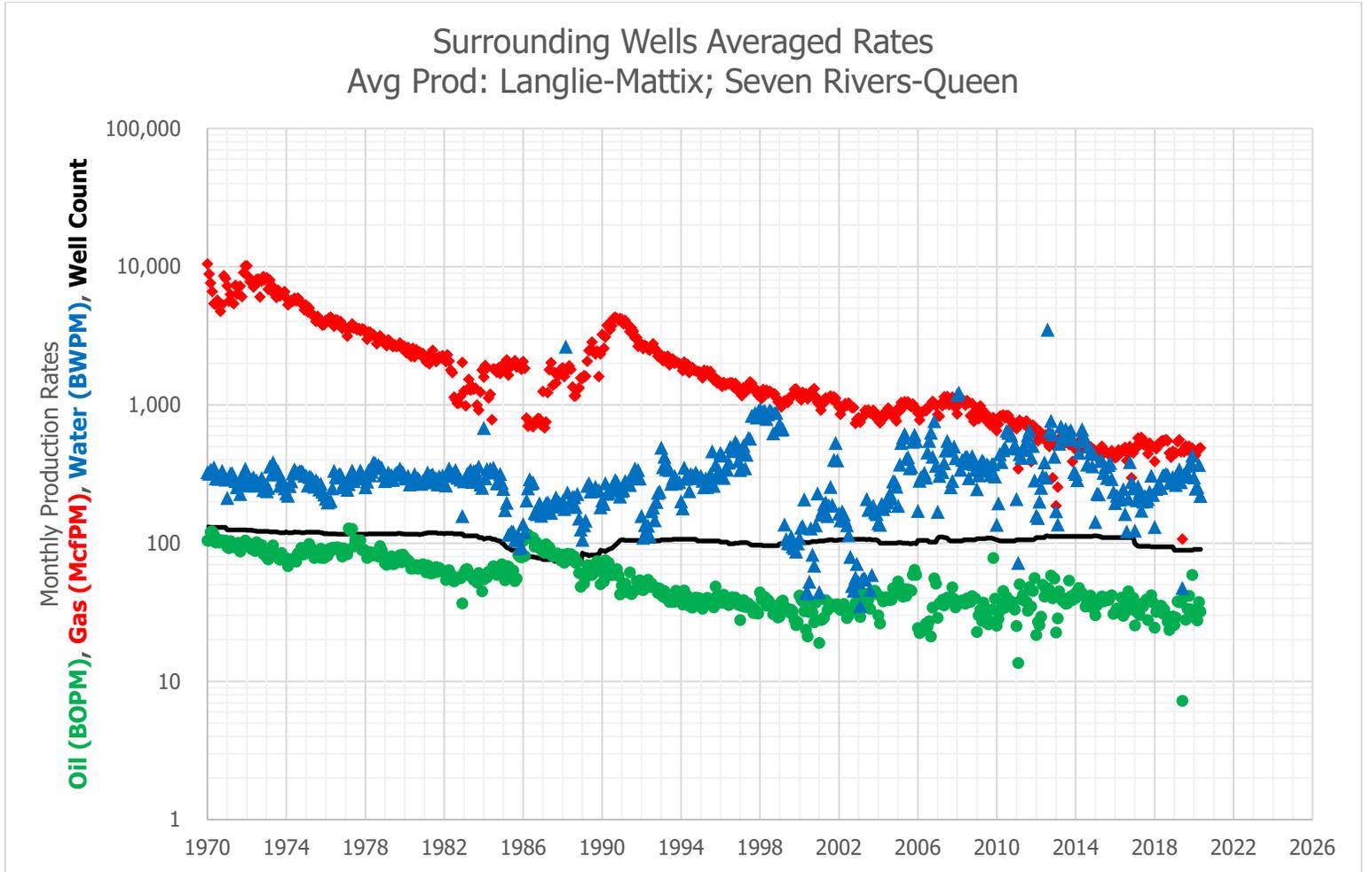
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Exhibit A – Historical and Forecast Production in the Current Zone



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Exhibit B – Historical Average Production in the Proposed Zone



fae I Operating

Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates Avg Prod: Langlie-Mattix; Seven Rivers-Queen					STATE A A C 1 #129 Historical Prod: JALMAT; YATES/7-Rvrs				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)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
7/1/2015	39	465	357	110	9/1/2011		564		1	34.5	703	300
8/1/2015	40	452	296	110	10/1/2011		307		2	34.4	701	299
9/1/2015	39	437	369	110	11/1/2011		667		3	34.2	699	298
10/1/2015	41	446	380	110	12/1/2011		498		4	34.1	698	297
11/1/2015	42	466	290	110	1/1/2012		671		5	33.9	696	296
12/1/2015	31	431	235	110	2/1/2012		563		6	33.7	694	295
1/1/2016	32	414	195	110	3/1/2012		667		7	33.6	692	294
2/1/2016	34	419	220	110	4/1/2012		581		8	33.4	691	293
3/1/2016	32	473	213	110	5/1/2012		590		9	33.2	689	292
4/1/2016	33	442	206	110	6/1/2012		988		10	33.1	687	291
5/1/2016	40	470	212	110	7/1/2012		681		11	32.9	685	290
6/1/2016	30	468	246	110	8/1/2012		530		12	32.8	684	289
7/1/2016	36	493	162	110	9/1/2012		510		13	32.6	682	288
8/1/2016	32	394	121	110	10/1/2012		588		14	32.5	680	287
9/1/2016	45	441	209	110	11/1/2012		254		15	32.3	679	286
10/1/2016	35	500	385	110	12/1/2012		490		16	32.1	677	285
11/1/2016	34	297	278	110	1/1/2013		110		17	32.0	675	284
12/1/2016	40	447	248	110	2/1/2013		185		18	31.8	674	283
1/1/2017	25	495	123	99	3/1/2013		500		19	31.7	672	282
2/1/2017	32	487	205	97	4/1/2013		269		20	31.5	670	281
3/1/2017	36	575	258	95	5/1/2013		251		21	31.4	669	281
4/1/2017	30	542	234	95	6/1/2013		447		22	31.2	667	280
5/1/2017	35	579	172	95	7/1/2013		247		23	31.1	665	279
6/1/2017	35	518	200	95	8/1/2013		399		24	30.9	664	278
7/1/2017	37	545	219	95	9/1/2013		485		25	30.8	662	277
8/1/2017	39	499	202	95	10/1/2013		472		26	30.6	660	276
9/1/2017	28	442	208	95	11/1/2013		326		27	30.5	659	275
10/1/2017	38	528	235	95	12/1/2013		385		28	30.4	657	274
11/1/2017	42	504	308	94	1/1/2014		327		29	30.2	655	273
12/1/2017	37	500	224	94	2/1/2014		278		30	30.1	654	272
1/1/2018	24	389	131	94	3/1/2014		342		31	29.9	652	271
2/1/2018	32	482	246	94	4/1/2014		287		32	29.8	650	271
3/1/2018	35	519	256	94	5/1/2014		268		33	29.6	649	270
4/1/2018	34	513	254	94	6/1/2014		239		34	29.5	647	269
5/1/2018	35	546	252	94	7/1/2014		223		35	29.4	646	268
6/1/2018	31	550	309	94	8/1/2014		196		36	29.2	644	267
7/1/2018	33	548	308	94	9/1/2014		207		37	29.1	642	266
8/1/2018	30	559	316	94	10/1/2014		263		38	28.9	641	265
9/1/2018	27	547	311	94	11/1/2014		249		39	28.8	639	264
10/1/2018	24	449	273	94	12/1/2014		232		40	28.7	637	264
11/1/2018	29	417	275	94	1/1/2015		205	81	41	28.5	636	263
12/1/2018	29	462	300	94	2/1/2015		84	-	42	28.4	634	262
1/1/2019	26	452	280	89	3/1/2015		95	-	43	28.2	633	261
2/1/2019	29	448	263	89	4/1/2015		106	-	44	28.1	631	260
3/1/2019	38	541	301	89	5/1/2015		101	-	45	28.0	630	259
4/1/2019	37	560	341	89	6/1/2015		93	-	46	27.8	628	258
5/1/2019	38	456	277	89	7/1/2015		104	-	47	27.7	626	258
6/1/2019	7	107	47	89	8/1/2015		109	-	48	27.6	625	257
7/1/2019	41	457	315	89	9/1/2015		104	-	49	27.4	623	256
8/1/2019	28	505	303	89	10/1/2015		101	-	50	27.3	622	255
9/1/2019	33	470	315	89	11/1/2015		78	-	51	27.2	620	254
10/1/2019	42	502	363	89	12/1/2015		102	-	52	27.1	619	253
11/1/2019	33	456	386	89	1/1/2016		105	-	53	26.9	617	252
12/1/2019	59	486	430	89	2/1/2016		114	-	54	26.8	616	252
1/1/2020	29	419	299	90	3/1/2016		132	-	55	26.7	614	251
2/1/2020	29	434	248	90	4/1/2016		120	-	56	26.5	612	250
3/1/2020	28	466	253	90	5/1/2016		118	-	57	26.4	611	249
4/1/2020	37	482	368	90	6/1/2016		136	-	58	26.3	609	248
5/1/2020	32	487	219	90	7/1/2016		119	-	59	26.2	608	248
6/1/2020	46	500	442	90	8/1/2016		85	-	60	26.0	606	247
7/1/2020	39	521	392	90	9/1/2016		135	-				
8/1/2020	40	493	334	90	10/1/2016		145	-				
9/1/2020	39	468	336	90	11/1/2016		71	-				
10/1/2020	38	372	323	90	12/1/2016		89	-				
11/1/2020	41	473	463	88	1/1/2017	-	83	-				
12/1/2020	46	495	492	88	2/1/2017	-	109	-				

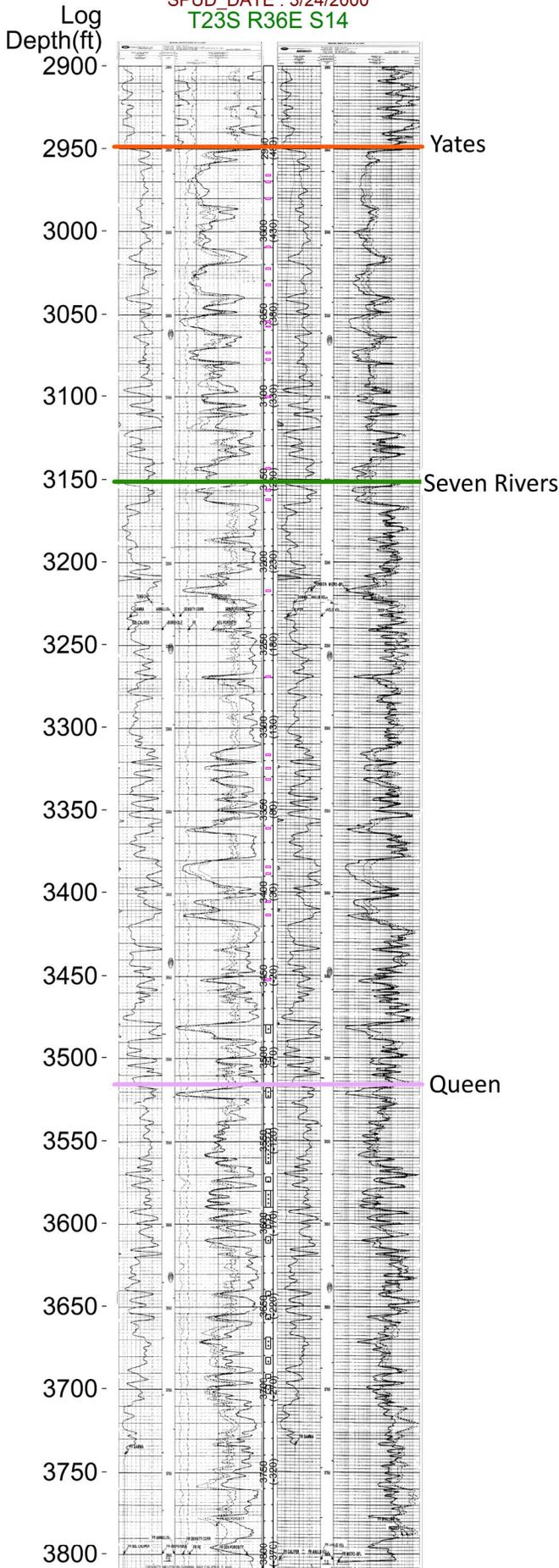
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Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Jalmat	Yates-Seven Rivers	0.0	7.5	1.0
Langlie Mattix	Seven Rivers-Queen	1.1	15.6	8.9
	Total	1.1	23.1	9.9
Jalmat	Yates-Seven Rivers	0%	32%	9%
Langlie Mattix	Seven Rivers-Queen	100%	68%	91%
	Total (%)	100%	100%	100%

BLACKBEARD

STATE 'A' A/C 1 129
 SPUD DATE : 3/24/2000
 T23S R36E S14



API	SOURCE	STATUS	TOP PERF	BASE PERF
30025348770000	CJH	PROPOSED	3480	3485
30025348770000	CJH	PROPOSED	3500	3504
30025348770000	CJH	PROPOSED	3518	3524
30025348770000	CJH	PROPOSED	3543	3564
30025348770000	CJH	PROPOSED	3572	3575
30025348770000	CJH	PROPOSED	3580	3590
30025348770000	CJH	PROPOSED	3595	3598
30025348770000	CJH	PROPOSED	3601	3603
30025348770000	CJH	PROPOSED	3608	3612
30025348770000	CJH	PROPOSED	3641	3644
30025348770000	CJH	PROPOSED	3655	3658
30025348770000	CJH	PROPOSED	3669	3676
30025348770000	CJH	PROPOSED	3681	3685
30025348770000	CJH	PROPOSED	3691	3694
30025348770000	CJH	PROPOSED	3698	3703

STATE 'A' A/C 1 129
 TD : 3,810

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 30-025-34877		² Pool Code 37240		³ Pool Name LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	
⁴ Property Code		⁵ Property Name STATE A A/C 1			⁶ Well Number #129
⁷ OGRID No. 329326		⁸ Operator Name FAE II OPERATING, LLC			⁹ Elevation 3420'

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
C	14	23S	36E		660	N	2130	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
C	14	23S	36E		660	N	2130	W	LEA

¹² Dedicated Acres	¹³ Joint or Infill	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.	
	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>	
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: _____

Well Name: STATE A A/C 1 #129 Lease No: _____ Lease Type: _____ State _____
 Township: 23-S Range: 36-E Sec: 14-C Location: 660' FNL & 2130' FWL
 County: Lea State: NM API: 30-025-34877 Formation: [79240] JALMAT; TAN-YATES-7 RVRs (GAS
[37240] LANGLEIE MATTIX; 7 RVRs-Q-GB

PROPOSED

Surface Csg
 Size: 8-5/8"
 Wt.&Thrd: 24#
 Grade: _____
 Set @: 610'
 Sxs cmt: 240 sxs
 Circ: 25 sxs
 TOC: Surface
 Hole Size: 12-1/4"

KB: 3430'
 DF: 3429'
 GL: 3420'
 Spud Date: 3/24/2000
 Compl. Date: 8/11/2000

Directional Survey		
MD (ft)	Inc (deg)	
0	0.75	
1216	1.25	
2180	1.00	
2386	1.00	
2578	3.50	KOP
2769	3.50	
2973	2.50	
3785	2.00	

History - Highlights
Proposed: CO to PBDT, Add Perfs & Acidize Mid-Lwr 7 RVRs; DHC Jalmat & Langlie Mattix pools.

TANSILL (Top @ 2798')

2893' (1 SPF) - Aug 2000
 Acidized & Frac w/ YATES & 7 RVRs

YATES (Top @ 2951')
 2966', 2970', 2980', 3009', 3022', 3032', 3054', 3057', 3073', 3077', 3100', 3143', 3156', 3162'
 (1 SPF) - Aug 2000
 Acidized & Frac w/ TANSILL & 7 RVRs

7-RIVERS (Top @ 3164')
 3217', 3269', 3316', 3324', 3331', 3361', 3384', 3388', 3405', 3413', 3452' (1 SPF) - Aug 2000
 Acidized & Frac w/ TANSILL & YATES; Acidized w/ 2000 gals 15% HCL acid;
 Foam Frac w/ 30,000 gals 40# gel foamed to 70Q w/ 168 tons CO2 & 500 MCF N2,
 15,000# 20/40 Brady sand & 175,000# 12/20 Brady sand

3480-3485', 3500-3504', 3518-3524', 3543-3564', 3572-3575', 3580-3590', 3595-3598', 3601-3603', 3608-3612', 3641-3644', 3655-3658', 3669-3676', 3681-3685', 3691-3694', 3698-3703'
 (2 SPF) - Proposed
 Acidized w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt, & flush w/ 1000 bbls 2% KCL water

QUEEN (Top @ 3706')

PBDT 3758'
 TD 3810'

SN 3651'
 EOT 3687'

Production Csg
 Size: 5-1/2"
 Wt.&Thrd: 17#
 Grade: _____
 Set @: 3810'
 Sxs Cmt: 575 sxs
 Circ: 10 sxs
 TOC: Surface
 Hole Size: 7-7/8"

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 EUE Tubing (113 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug)

Well Name: STATE A A/C 1 #129 Lease No: _____ Lease Type: _____ State _____
 Township: 23-S Range: 36-E Sec: 14-C Location: 660' FNL & 2130' FWL
 County: Lea State: NM API: 30-025-34877 Formation: [79240] JALMAT; TAN-YATES-7 RVRs (GAS)

CURRENT

Surface Csg
 Size: 8-5/8"
 Wt.&Thrd: 24#
 Grade: _____
 Set @: 610'
 Sxs cmt: 240 sxs
 Circ: 25 sxs
 TOC: Surface
 Hole Size: 12-1/4"

KB: 3430'
 DF: 3429'
 GL: 3420'
 Spud Date: 3/24/2000
 Compl. Date: 8/11/2000

<u>Directional Survey</u>		
<u>MD (ft)</u>	<u>Inc (deg)</u>	
0	0.75	
1216	1.25	
2180	1.00	
2386	1.00	
2578	3.50	KOP
2769	3.50	
2973	2.50	
3785	2.00	

History - Highlights

All info from OCD well files ONLY

TANSILL (Top @ 2798')

2893' (1 SPF) - Aug 2000
 Acidized & Frac w/ YATES & 7 RVRs

YATES (Top @ 2951')

2966', 2970', 2980', 3009', 3022', 3032', 3054', 3057', 3073', 3077', 3100', 3143', 3156', 3162'
 (1 SPF) - Aug 2000
 Acidized & Frac w/ TANSILL & 7 RVRs

7-RIVERS (Top @ 3164')

3217', 3269', 3316', 3324', 3331', 3361', 3384', 3388', 3405', 3413', 3452' (1 SPF) - Aug 2000
 Acidized & Frac w/ TANSILL & YATES; Acidized w/ 2000 gals 15% HCL acid; Foam Frac w/ 30,000 gals 40# gel foamed to 70Q w/ 168 tons CO2 & 500 MCF N2, 15,000# 20/40 Brady sand & 175,000# 12/20 Brady sand

QUEEN (Top @ 3706')

EOT 3166'

Production Csg
 Size: 5-1/2"
 Wt.&Thrd: 17#
 Grade: _____
 Set @: 3810'
 Sxs Cmt: 575 sxs
 Circ: 10 sxs
 TOC: Surface
 Hole Size: 7-7/8"

PBTD 3758'
 TD 3810'

Tubulars - Capacities and Performance

2-3/8" 4.7# Tubing
 2" x 1.5" x 12' pump & rods

From: [Vanessa Neal](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXTERNAL] downhole commingling application DHC-5144
Date: Tuesday, December 28, 2021 3:31:45 PM
Attachments: [image001.png](#)
[WBD State A AC 1 #129 CURRENT-PROPOSED 2021-12.pdf](#)

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

Mr. McClure,

Attached are the current and proposed wellbore diagrams for the State A A/C 1 #129 (30-025-34877).

The DHC package was previously submitted (mailed) to the SLO via USPS, we were provided a tracking number [7020 0640 0000 9346 5293] that shows delivery on 9/20/2021.

Thank 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: [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 que, 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: [Vanessa Neal](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Dawson, Scott](#)
Subject: Approved Administrative order DHC-5144
Date: Friday, April 15, 2022 12:11:55 PM
Attachments: [DHC5144 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5144 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

Well Name: State A AC 1 #129

Well API: 30-025-34877

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-5144

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 E. SANDOVAL
DIRECTOR**

DATE: 4/15/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5144**

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

Well Name: **State A AC 1 #129**

Well API: **30-025-34877**

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

Upper Zone

Pool ID: **79240**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **0%**

Gas: **32%**

Interval: **Perforations**

Top: **2,893**

Bottom: **3,414**

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: **68%**

Interval: **Perforations**

Top: **3,452**

Bottom: **3,703**

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

Top of Queen Formation: **3,515**

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 33757

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 33757
	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.	4/15/2022