

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

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

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

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Marshall Bates

Print or Type Name

Signature

Engineering Tech

Title

8/3/2021

Date

Marshall@FAEnergyus.com

e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised August 1, 2011
APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC 11757 Katy Fwy. Ste. 1000, Houston, TX 77079

Operator	Address		
State A A/C 2	62	K-11-22S-36E	Lea
Lease	Well No.	Unit Letter-Section-Township-Range	County
329326	331161	30-025-25542	X
OGRID No.	Property Code	API No.	Lease Type: <input type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat		Eunice
Pool Code	79240		24130
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3,034 – 3,584'		3,584 – 3,800
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 / 1.346 BTU		35.0 API / 1.346 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 % 31 %	Oil Gas % %	Oil Gas 100 % 69 %

ADDITIONAL DATA

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

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

PRE-APPROVED POOLS

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

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

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

SIGNATURE MBates 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 A A/C 2 #062: API 30-025-25542
Jalmat Pool: 79240
Eunice Pool: 24130

Dear Mr. McClure:

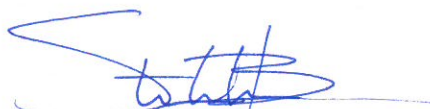
FAE II Operating LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed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

A handwritten signature in blue ink, appearing to read 'Steven Lehrbass', is written over a horizontal line.

Steven Lehrbass

Land

faeIIoperating

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 Jalmat and Eunice Pools for the State A A/C 2 #62 well located in Sec. 11, T-22S, 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 Eunice Pools for its State A A/C 2 #62 well located in Unit Letter K, Section 11, T-22S, R-36E, 1,980 feet FSL and 2,310 feet FWL, as shown in the attached C-102's for each zone.

State A A/C 2 #62 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 2 #62 is the Seven Rivers-Queen, which translates to the EUNICE; SEVEN RIVERS-QUEEN, SOUTH [Pool ID: 24130]. To develop a forecast for this zone, thirty-two (32) 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 2 #62 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 0.6 BOPD and 22.5 MCFPD is the expected total, and of that, 0.6 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 6.9 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.

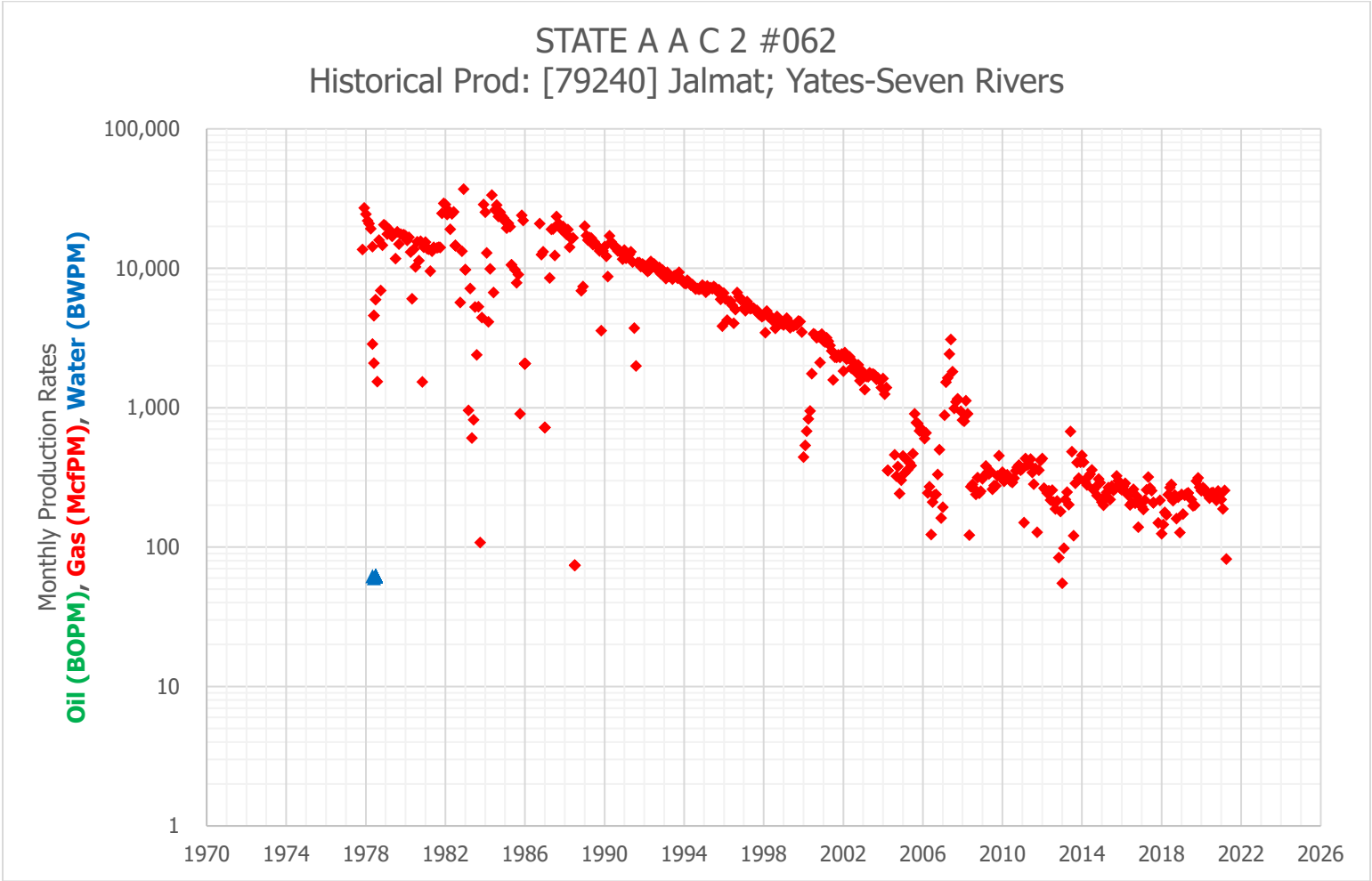
Very truly yours,



FAE II Operating, LLC

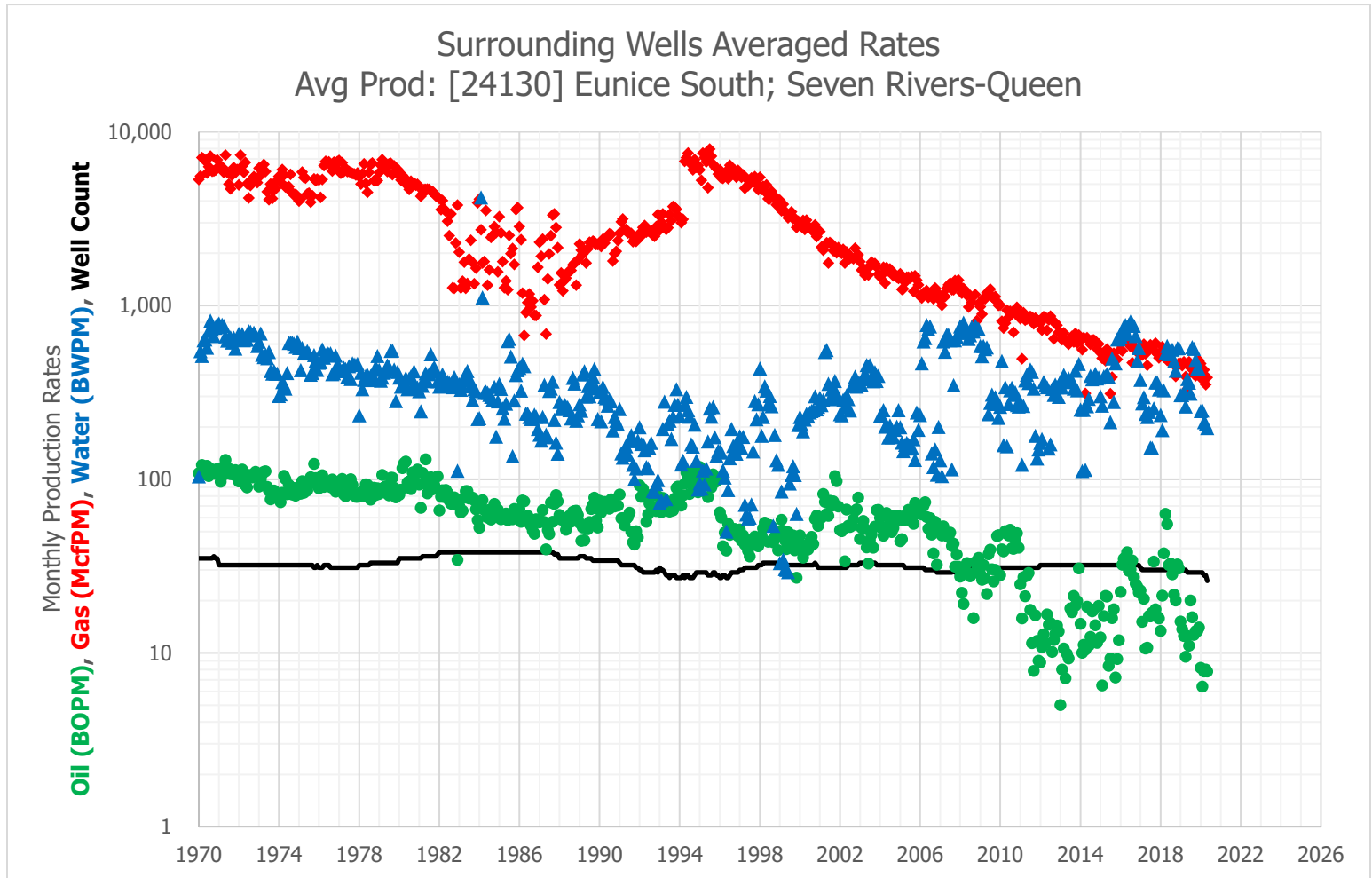
faeIoperating

Exhibit A – Historical and Forecast Production in the Current Zone



faeIIoperating

Exhibit B – Historical Average Production in the Proposed Zone



faeIoperating

Exhibit C – Historical Production and Decline Curve

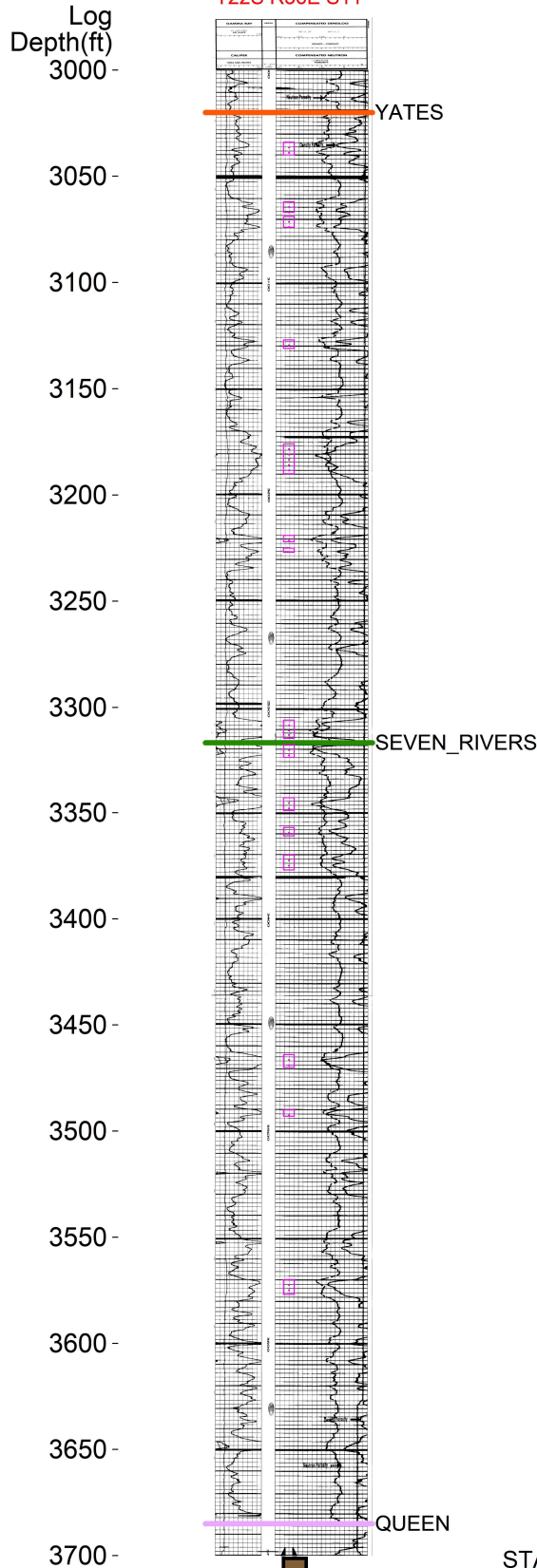
Surrounding Wells Averaged Rates					STATE A A C 2 #062				Synthetic Decline Curve			
Avg Prod: [24130] Eunice South; Seven Rivers-Queen					Historical Prod: [79240] Jalmat; Yates-Seven							
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
11/1/2015	9	489	638	32	11/1/2015		299		1	19.0	685	362
12/1/2015	12	610	639	32	12/1/2015		265		2	18.9	684	360
1/1/2016	22	558	661	32	1/1/2016		258		3	18.8	682	359
2/1/2016	32	549	710	32	2/1/2016		274		4	18.7	680	358
3/1/2016	35	635	751	32	3/1/2016		287		5	18.7	679	357
4/1/2016	35	644	772	32	4/1/2016		247		6	18.6	677	356
5/1/2016	38	627	684	32	5/1/2016		236		7	18.5	675	355
6/1/2016	30	603	774	32	6/1/2016		201		8	18.4	674	353
7/1/2016	30	580	809	32	7/1/2016		207		9	18.3	672	352
8/1/2016	34	469	787	32	8/1/2016		260		10	18.2	670	351
9/1/2016	27	586	765	32	9/1/2016		206		11	18.1	669	350
10/1/2016	25	569	666	32	10/1/2016		232		12	18.0	667	349
11/1/2016	24	540	482	32	11/1/2016		139		13	18.0	665	348
12/1/2016	22	528	568	32	12/1/2016		213		14	17.9	664	346
1/1/2017	23	527	374	31	1/1/2017		195		15	17.8	662	345
2/1/2017	15	518	274	30	2/1/2017		186		16	17.7	660	344
3/1/2017	21	598	296	30	3/1/2017		217		17	17.6	659	343
4/1/2017	11	526	237	30	4/1/2017		257		18	17.5	657	342
5/1/2017	11	452	228	30	5/1/2017		318		19	17.4	655	341
6/1/2017	16	559	244	30	6/1/2017		266		20	17.4	654	340
7/1/2017	16	593	152	30	7/1/2017		254		21	17.3	652	339
8/1/2017	17	575	151	30	8/1/2017		208		22	17.2	650	337
9/1/2017	34	552	255	30	9/1/2017		-		23	17.1	649	336
10/1/2017	18	607	361	30	10/1/2017		-		24	17.0	647	335
11/1/2017	16	527	361	30	11/1/2017		149		25	17.0	646	334
12/1/2017	16	499	329	30	12/1/2017		216		26	16.9	644	333
1/1/2018	13	536	234	30	1/1/2018		125		27	16.8	642	332
2/1/2018	21	577	191	30	2/1/2018		145		28	16.7	641	331
3/1/2018	37	504	325	30	3/1/2018		178		29	16.6	639	330
4/1/2018	63	559	531	30	4/1/2018		170		30	16.5	638	329
5/1/2018	55	483	585	30	5/1/2018		238		31	16.5	636	328
6/1/2018	32	477	524	30	6/1/2018		268		32	16.4	634	327
7/1/2018	33	521	525	30	7/1/2018		282		33	16.3	633	325
8/1/2018	28	475	557	30	8/1/2018		215		34	16.2	631	324
9/1/2018	22	456	477	30	9/1/2018		237		35	16.2	630	323
10/1/2018	20	391	421	30	10/1/2018		160		36	16.1	628	322
11/1/2018	32	448	568	30	11/1/2018		228		37	16.0	626	321
12/1/2018	31	465	569	30	12/1/2018		127		38	15.9	625	320
1/1/2019	15	465	305	30	1/1/2019		239		39	15.9	623	319
2/1/2019	14	450	304	30	2/1/2019		173		40	15.8	622	318
3/1/2019	13	473	316	30	3/1/2019		235		41	15.7	620	317
4/1/2019	10	389	262	30	4/1/2019		241		42	15.6	619	316
5/1/2019	13	331	378	29	5/1/2019		245		43	15.6	617	315
6/1/2019	11	472	359	29	6/1/2019		-		44	15.5	616	314
7/1/2019	20	437	310	29	7/1/2019		219		45	15.4	614	313
8/1/2019	16	438	576	29	8/1/2019		198		46	15.3	613	312
9/1/2019	13	402	562	29	9/1/2019		200		47	15.3	611	311
10/1/2019	13	394	485	29	10/1/2019		298		48	15.2	609	310
11/1/2019	13	418	435	29	11/1/2019		314		49	15.1	608	309
12/1/2019	14	482	429	29	12/1/2019		269		50	15.0	606	308
1/1/2020	8	463	246	29	1/1/2020		254		51	15.0	605	307
2/1/2020	6	375	248	29	2/1/2020		268		52	14.9	603	306
3/1/2020	8	425	213	28	3/1/2020		260		53	14.8	602	305
4/1/2020	8	350	207	28	4/1/2020		250		54	14.8	600	304
5/1/2020	8	385	197	26	5/1/2020		237		55	14.7	599	303
6/1/2020	5	486	117	26	6/1/2020		225		56	14.6	597	302
7/1/2020	6	454	161	25	7/1/2020		244		57	14.5	596	301
8/1/2020	6	443	170	25	8/1/2020		247		58	14.5	594	300
9/1/2020	7	443	199	25	9/1/2020		228		59	14.4	593	299
10/1/2020	7	444	207	25	10/1/2020		216		60	14.3	591	298
11/1/2020	14	436	173	25	11/1/2020		253					
12/1/2020	16	453	169	25	12/1/2020		237					
1/1/2021	9	417	133	25	1/1/2021		219					
2/1/2021	8	311	40	25	2/1/2021		188					
3/1/2021	14	314	99	20	3/1/2021		255					
4/1/2021	19	248	161	14	4/1/2021		82					

faeIIoperating

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	6.9	0.0
Eunice	Seven Rivers-Queen	0.6	15.6	11.9
	Total	0.6	22.5	11.9
Jalmat	Yates-Seven Rivers	0%	31%	0%
Eunice	Seven Rivers-Queen	100%	69%	100%
	Total (%)	100%	100%	100%

STATE 'A' A/C-2 62
SPUD DATE : 6/5/1977
T22S R36E S11



STATE 'A' A/C-2 62
ELEV_KB : 3,550
TD : 3,700

Deepen well 100' into Queen Fm.
--Proposed TD 3800'

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 30-025-25542	² Pool Code 24130	³ Pool Name EUNICE; SEVEN RIVERS-QUEEN, SOUTH
⁴ Property Code 331161	⁵ Property Name STATE A A/C 2	⁶ Well Number #062
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC	⁹ Elevation

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
K	11	22S	36E		1980	S	2310	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
K	11	22S	36E		1980	S	2310	W	LEA

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

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>8/3/2021</u> 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
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 30-025-25542	² Pool Code 79240	³ Pool Name JALMAT; TAN-YATES-7 RVRS (GAS)
⁴ Property Code 331161	⁵ Property Name STATE A A/C 2	⁶ Well Number #062
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC	⁹ Elevation

¹⁰ Surface Location

UL - Lot K	Section 11	Township 22S	Range 36E	Lot Idn	Feet from 1980	N/S Line S	Feet From 2310	E/W Line W	County LEA
---------------	---------------	-----------------	--------------	---------	-------------------	---------------	-------------------	---------------	---------------

¹¹ Bottom Hole Location If Different From Surface

UL - Lot K	Section 11	Township 22S	Range 36E	Lot Idn	Feet from 1980	N/S Line S	Feet From 2310	E/W Line W	County LEA
---------------	---------------	-----------------	--------------	---------	-------------------	---------------	-------------------	---------------	---------------

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

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>MB Bates</u> Date: <u>8/3/2021</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: _____	

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

faeIIoperating

Dec 29, 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 A A/C 2 #062**
API: 30-025-25542
[79240] JALMAT; TAN-YATES-7 RVRs (GAS)
[24130] EUNICE; 7 RVRs-QUEEN, SOUTH

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 **[79240] JALMAT; TAN-YATES-7 RVRs (GAS)** and **[24130] EUNICE; 7 RVRs-QUEEN, SOUTH** 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
STATE A A/C 2 #075	30-025-34791	DHC-4444	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #067	30-025-28276	DHC-4443	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #027	30-025-08789	DHC-4442	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #026	30-025-08835	DHC-4441	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #028	30-025-08792	DHC-4406	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #002	30-025-08791	DHC-4405	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #029	30-025-08854	DHC-4404	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #007	30-025-08830	DHC-4403	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE 157 G #004	30-025-08790	DHC-4402-A	JALMAT;TAN-YATES-7 RVRS (OIL)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE 157 G #002	30-025-08787	DHC-4401	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #047	30-025-08798	DHC-4400-A	JALMAT;TAN-YATES-7 RVRS (OIL)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #004	30-025-08853	DHC-4399	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #046	30-025-08800	DHC-4398	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #034	30-025-08794	DHC-4397	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #031	30-025-08856	DHC-4396	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #070	30-025-28279	DHC-4395	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #001	30-025-08849	DHC-4394	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #033	30-025-08793	DHC-4365	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #078	30-025-34910	DHC-4364	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #054	30-025-08841	DHC-4363	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #025	30-025-08834	DHC-4362	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #052	30-025-08859	DHC-4361	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #024	30-025-08833	DHC-4360	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #003	30-025-08829	DHC-4359	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #048	30-025-08845	DHC-4358	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH
STATE A A/C 2 #044	30-025-08797	DHC-3910	JALMAT;TAN-YATES-7 RVRS (GAS)	EUNICE;SEVEN RIVERS-QUEEN, SOUTH

Well Name: **STATE A A/C 2 #062** Lease No: **NM-2A** Lease Type: **State**
 Township: **22-S** Range: **36-E** Sec: **11-K** Location: **1980' FSL & 2310' FWL**
 County: **Lea** State: **NM** API: **30-025-25542** Formation: **[79240] JALMAT; TAN-YATES-7 RVRs (GAS**
[24130] EUNICE; 7 RVRs-QUEEN, SOUTH

Surface Csg

Size: **8-5/8"**
 Wt.&Thrd: **24# ST&C 8rd**
 Grade: **K-55**
 Set @: **819'**
 Sxs cmt: **500 sxs**
 Circ: **75 sxs**
 TOC: **Surface**
 Hole Size: **12-1/4"**

KB: **3550'**
 DF: **3549'**
 GL: **3541'**
 Spud Date: **6/5/1977**
 Compl. Date: **11/2/1977**

History - Highlights

1977-11: Dual completion, production Jalmat up csg annulus & Eunice South up tubing.

1979-03: Eunice South shut-in due to high line pressure (zone later TA'd)

Proposed: Pull rods, tbg, pkr. Deepen to Base of QUEEN (~3800'). Acidize open hole w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt, & flush w/ 1000 bbls 2% KCL water. Acidize 3464-3577' perms w/ 2500 gals 15% NEFE HCL acid, 750# rock salt, & flush w/ 500 bbls 2% KCL water. DHC Jalmat & Eunice South pools.

TANSILL (Top @ 2900')**YATES (Top @ 3020')**

3034-3040', 3062-3067', 3069-3074', 3127-3131', 3176-3190', 3219-3222', 3225-3227', 3306-3315', 3318-3324' (1 SPF) - Jun 1977

Frac w/ 7 RVRs & QUEEN

SEVEN RIVERS (Top @ 3336')

3343-3349', 3357-3361', 3370-3377' (1 SPF) - Jun 1977

Frac w/ YATES & QUEEN

3464-3470', 3490-3493' (1 SPF) - Jun 1977

Frac w/ YATES & QUEEN

Acidize w/ QUEEN

QUEEN (Top @ 3547')

3570-3577' (1 SPF) - Jun 1977

Frac w/ YATES & 7 RVRs w/ 25,000 gals gel wtr, 25,000 gals CO2 & 92,000# sanc

Acidize w/ Lwr 7 RVRs w/ 2500 gals 15% NEFE HCL acid, 750# rock salt, & flush w/ 500 bbls 2% KCL water

3700-3800' Open Hole - Proposed

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

SN **3683'**
 EOT **3720'**

Production Csg

Size: **5-1/2"**
 Wt.&Thrd: **14# ST&C**
 Grade: **J-55**
 Set @: **3700'**
 Sxs Cmt: **1125 sxs**
 Circ: **295 sxs**
 TOC: **Surface**
 Hole Size: **7-7/8"**

Open Hole

Size: **4-3/4"**
 Down to: **3700-3800'**

PBTD 3800'
TD 3800'

Tubulars - Capacities and Performance

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

Well Name: **STATE A A/C 2 #062** Lease No: **NM-2A** Lease Type: **State**
 Township: **22-S** Range: **36-E** Sec: **11-K** Location: **1980' FSL & 2310' FWL**
 County: **Lea** State: **NM** API: **30-025-25542** Formation: **[79240] JALMAT; TAN-YATES-7 RVRS (GA**

Surface Csg

Size: **8-5/8"**
 Wt.&Thrd: **24# ST&C 8rd**
 Grade: **K-55**
 Set @: **819'**
 Sxs cmt: **500 sxs**
 Circ: **75 sxs**
 TOC: **Surface**
 Hole Size: **12-1/4"**

KB: **3550'**
 DF: **3549'**
 GL: **3541'**
 Spud Date: **6/5/1977**
 Compl. Date: **11/2/1977**

History - Highlights

1977-11: Dual completion, production Jalmat up csg annulus & Eunice South up tubing.

1979-03: Eunice South shut-in due to high line pressure (zone later TA'd)

All info from OCD well files ONLY

CURRENT

EOT **3426'**
 Baker Lok-Set Pkr **3426'**

Production Csg

Size: **5-1/2"**
 Wt.&Thrd: **14# ST&C**
 Grade: **J-55**
 Set @: **3700'**
 Sxs Cmt: **1125 sxs**
 Circ: **295 sxs**
 TOC: **Surface**
 Hole Size: **7-7/8"**

PBTD 3630'
TD 3700'

TANSILL (Top @ 2900')**YATES (Top @ 3020')**

3034-3040', 3062-3067', 3069-3074', 3127-3131', 3176-3190', 3219-3222', 3225-3227', 3306-3315', 3318-3324' (1 SPF) - Jun 1977

Frac w/ 7 RVRS & QUEEN

SEVEN RIVERS (Top @ 3336')

3343-3349', 3357-3361', 3370-3377' (1 SPF) - Jun 1977

Frac w/ YATES & QUEEN

3464-3470', 3490-3493' (1 SPF) - Jun 1977

Frac w/ YATES & QUEEN

QUEEN (Top @ 3547')

3570-3577' (1 SPF) - Jun 1977

Frac w/ YATES & 7 RVRS w/ 25,000 gals gel wtr, 25,000 gals CO2 & 92,000# sanc

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 EUE Tubing

From: [Vanessa Neal](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXTERNAL] downhole commingling application DHC-5151
Date: Wednesday, December 29, 2021 11:20:16 AM
Attachments: [image001.png](#)
[WBD_State A AC 2 #062_CURRENT-PROPOSED_2021-12.pdf](#)
[Commonly DHC Letter_State A AC 2 #62_2021-12-29.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 2 #62 (30-025-25542).

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 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: [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-5151
Date: Friday, April 15, 2022 12:05:57 PM
Attachments: [DHC5151 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5151 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

Well Name: [State A AC 2 #62](#)

Well API: [30-025-25542](#)

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-5151

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**

A handwritten signature in black ink, appearing to read 'A. Sandoval', is written over a horizontal line.

**ADRIENNE E. SANDOVAL
DIRECTOR**

DATE: 4/15/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5151**

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

Well Name: **State A AC 2 #62**

Well API: **30-025-25542**

Upper Zone	Pool Name: JALMAT;TAN-YATES-7 RVRS (GAS)		
	Pool ID: 79240	Current: X	New:
	Allocation: Fixed Percent	Oil: 0%	Gas: 31%
	Interval: Perforations	Top: 3,034	Bottom: 3,584
Intermediate Zone	Pool Name:		
	Pool ID:	Current:	New:
	Allocation:	Oil:	Gas:
	Interval:	Top:	Bottom:
Bottom of Interval within 150% of Upper Zone's Top of Interval:			
Lower Zone	Pool Name: EUNICE;SEVEN RIVERS-QUEEN, SOUTH		
	Pool ID: 24130	Current:	New: X
	Allocation: Fixed Percent	Oil: 100%	Gas: 69%
	Interval: Open-Hole	Top: 3,584	Bottom: 3,800
Bottom of Interval within 150% of Upper Zone's Top of Interval: YES			
Top of Queen Formation: 3,685			

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 41070

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 41070
	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