

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.

Vanessa Neal

Print or Type Name

Signature

Sr Reservoir Engineer

Title

December 10, 2021

Date

vanessa@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 Freeway, Suite 725 Houston, TX 77079
Operator Address
ARCP CRUMP 001 I-01-24S-36E LEA
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 329326 Property Code 329925 API No. 30-025-24225 Lease Type: ☐ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TAN-YATES-7-RIVERS		LANGLIE MATTIX; 7 RIVERS-QUEEN-GRAYBURG
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2902 - 3066		3066 - 3426
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)	35.0 API / 1.1929 BTU		35.0 API / 1.1929 BTU
Producing, Shut-In or New Zone	NEW ZONE		PRODUCING
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.)	Date: SEE Rates: ATTACHED	Date: Rates:	Date: SEE Rates: ATTACHED
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 94 % 100 %	Oil Gas % %	Oil Gas 6 % 0 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☒ No ☐
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 Vanessa Neal TITLE Sr Reservoir Engineer DATE December 10, 2021
TYPE OR PRINT NAME Vanessa Neal TELEPHONE NO. (832) 219-0990
E-MAIL ADDRESS vanessa@faenergyus.com

FAE II Operating LLC
11757 Katy Fwy #725, Houston, TX 77079
(832) 220-9188
steven@faenergyus.com

faeIIoperating

November 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: Arco Crump #001
API: 30-025-24225
[37240] Langlie Mattix; 7 Rivers-Queen-Grayburg
[33820] Jalmat; Tan-Yates- 7 Rivers

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 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.

Thank you for your attention to this matter.

Respectfully,

A handwritten signature in blue ink, appearing to read 'S. Lehrbass', with a long horizontal line extending to the right.

Steven Lehrbass
Director of Land

faeIIoperating

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

December 10, 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: **Arco Crump #001**
API: 30-025-24225
[37240] Langlie Mattix; 7 Rivers-Queen-Grayburg
[33820] Jalmat; Tan-Yates-7 Rivers

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for downhole commingling of oil and gas production from the aforementioned well and pools. This well's surface location is described below and the downhole locations of each pool are shown in the attached C-102's.

Surface Location: I-01-24S-36E 1980 FSL 660 FEL
Lat/Long: 32.244503,-103.2124252 NAD83

The well is currently producing from the **[37240] Langlie Mattix; 7 Rivers-Queen-Grayburg** pool; Exhibit A shows the well's historical production from this pool. It is proposed to downhole commingle this pool with the **[33820] Jalmat; Tan-Yates-7 Rivers** pool. While there is no recent production for the proposed pool in this well, there are multiple offset wells that are currently producing from the proposed pool. The average historical production of the surrounding analog wells producing from the proposed pool are shown in Exhibit B.

Decline curve analysis was used to create forecasts for each pool with a heavy weighting toward the last five years of production as it should most heavily influence future performance. Historical monthly volumes for each pool for the last five years as wells as a forecast of the combined pools are shown in Exhibit C. After comparing the forecasts generated from the historical production of the **Arco Crump #001** and the offset analogs for each pool, pool allocations were calculated on a proportional volume basis. This allocation, along with estimated IP rates for each pool after the comingling work is complete, are displayed in the table 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 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

Exhibit A – Historical Production of Current Pool

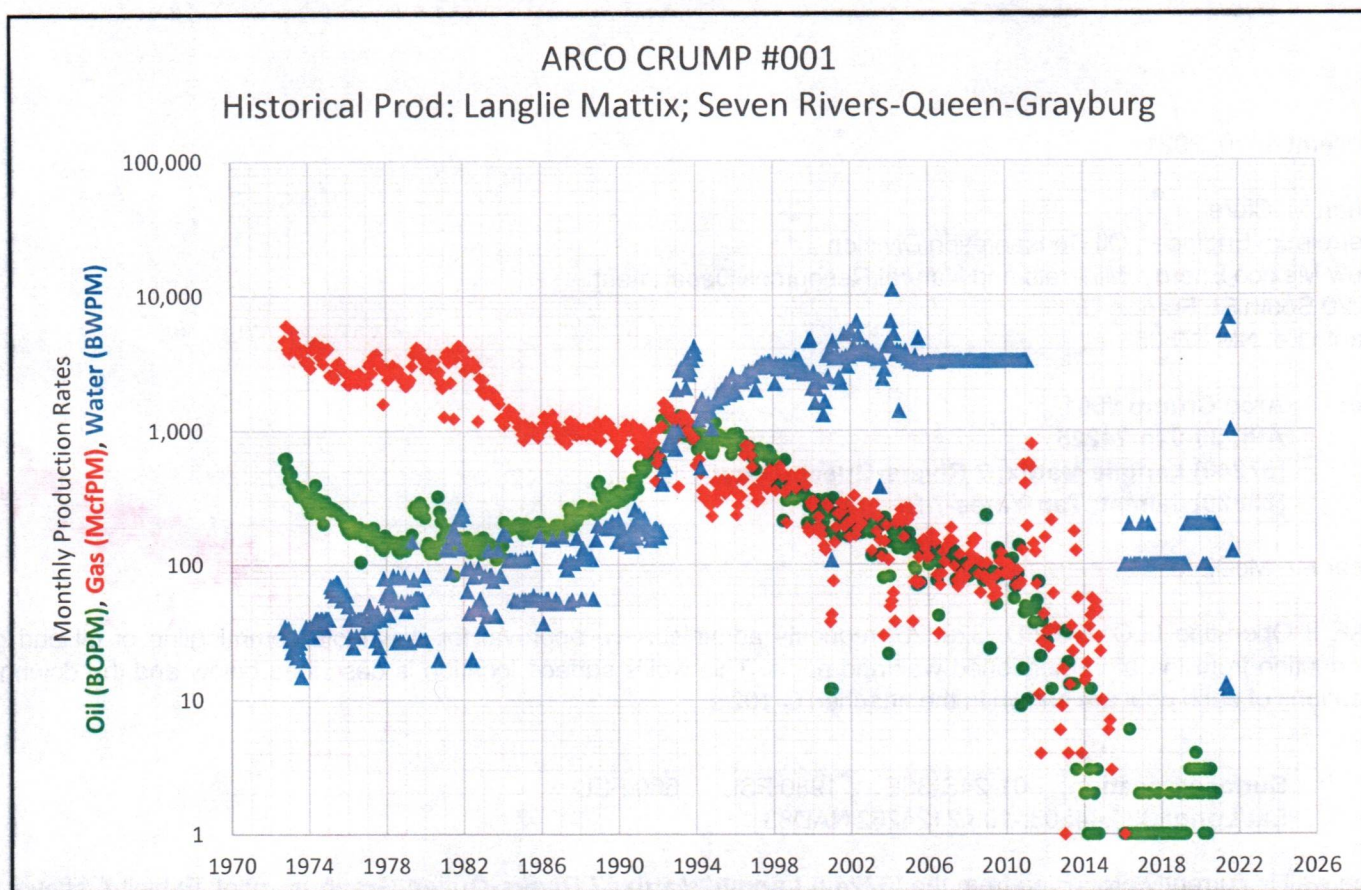


Exhibit B – Average Historical Production of Offset Analog Wells

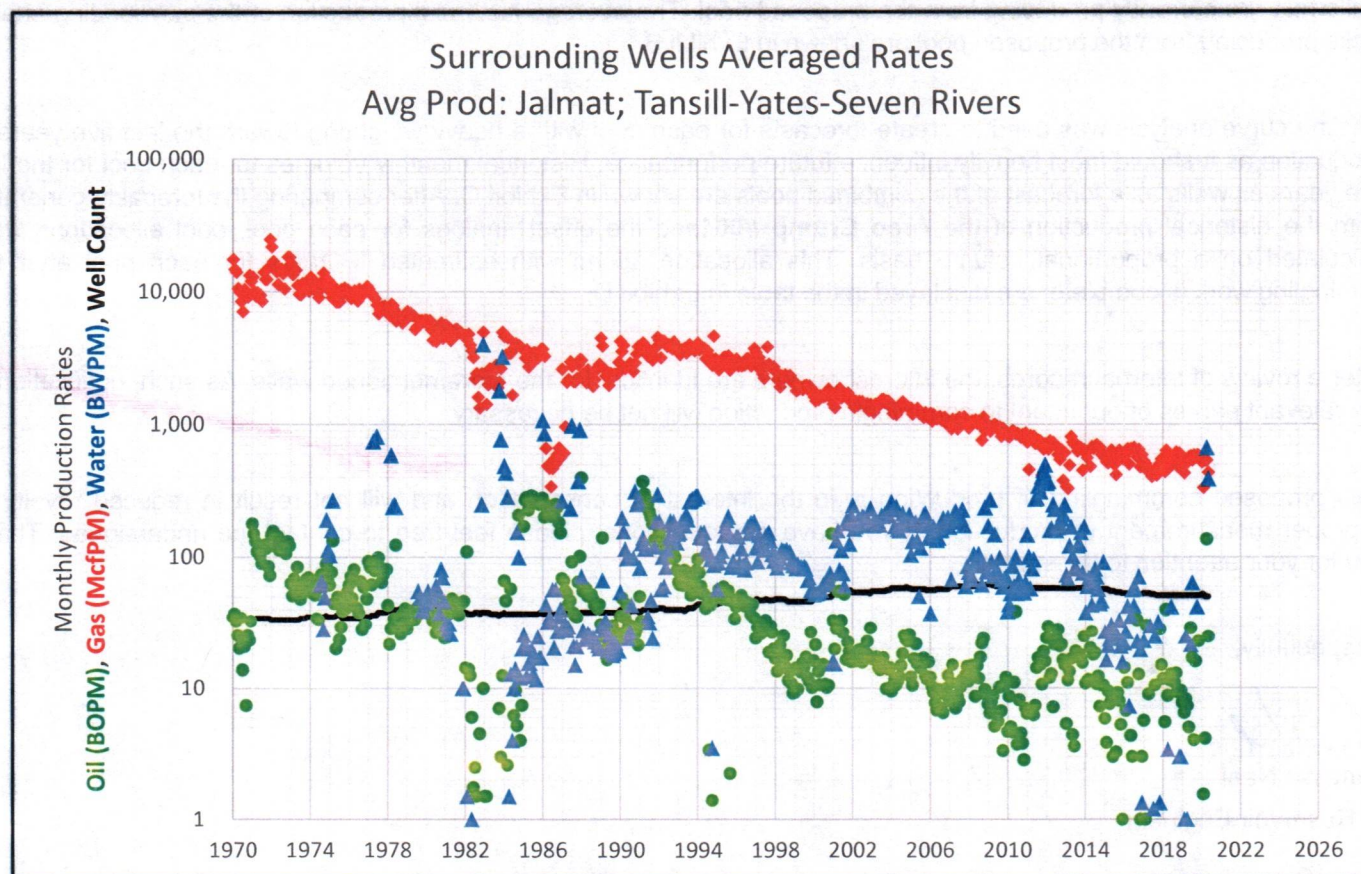


Exhibit C – Historical Production from Last 5 Years for Each Pool & Combined Future Forecast

Surrounding Wells Averaged Rates					ARCO CRUMP #001				Synthetic Decline Curve			
Avg Prod: Jalmat; Tansil-Yates-Seven Rivers					Historical Prod: Langlie Mattix; Seven Rivers-							
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
5/1/2016	4	660	36	53	5/1/2016	6		200	1	19.5	517	355
6/1/2016	3	655	57	52	6/1/2016	1		100	2	19.4	515	354
7/1/2016	-	671	43	52	7/1/2016	-		-	3	19.3	514	353
8/1/2016	-	644	57	52	8/1/2016	1		100	4	19.2	513	352
9/1/2016	33	571	23	52	9/1/2016	1		100	5	19.1	512	351
10/1/2016	13	652	71	52	10/1/2016	1		100	6	19.0	510	350
11/1/2016	1	480	20	52	11/1/2016	2		100	7	18.9	509	349
12/1/2016	3	593	1	52	12/1/2016	1		100	8	18.8	508	347
1/1/2017	6	534	23	53	1/1/2017	2		200	9	18.8	506	346
2/1/2017	1	510	1	53	2/1/2017	1		100	10	18.7	505	345
3/1/2017	30	454	1	53	3/1/2017	1		100	11	18.6	504	344
4/1/2017	9	458	1	53	4/1/2017	1		100	12	18.5	503	343
5/1/2017	1	452	30	53	5/1/2017	2		200	13	18.4	501	342
6/1/2017	-	407	1	52	6/1/2017	1		100	14	18.3	500	341
7/1/2017	-	452	1	52	7/1/2017	1		100	15	18.2	499	339
8/1/2017	11	441	25	52	8/1/2017	1		100	16	18.1	498	338
9/1/2017	-	415	-	51	9/1/2017	1		100	17	18.0	496	337
10/1/2017	-	478	32	51	10/1/2017	1		100	18	18.0	495	336
11/1/2017	29	510	1	51	11/1/2017	2		100	19	17.9	494	335
12/1/2017	15	550	-	51	12/1/2017	1		100	20	17.8	493	334
1/1/2018	12	514	0	51	1/1/2018	1		100	21	17.7	491	333
2/1/2018	6	442	-	51	2/1/2018	1		100	22	17.6	490	332
3/1/2018	40	641	0	51	3/1/2018	1		100	23	17.5	489	331
4/1/2018	9	461	3	51	4/1/2018	1		100	24	17.5	488	330
5/1/2018	12	593	-	51	5/1/2018	1		100	25	17.4	487	328
6/1/2018	13	540	42	51	6/1/2018	2		100	26	17.3	485	327
7/1/2018	13	530	-	51	7/1/2018	1		100	27	17.2	484	326
8/1/2018	11	564	-	51	8/1/2018	1		100	28	17.1	483	325
9/1/2018	13	619	-	51	9/1/2018	1		100	29	17.0	482	324
10/1/2018	9	483	-	51	10/1/2018	1		100	30	17.0	481	323
11/1/2018	10	610	3	51	11/1/2018	1		100	31	16.9	479	322
12/1/2018	10	548	3	51	12/1/2018	2		100	32	16.8	478	321
1/1/2019	8	524	0	51	1/1/2019	1		100	33	16.7	477	320
2/1/2019	7	431	1	51	2/1/2019	1		100	34	16.6	476	319
3/1/2019	8	512	25	51	3/1/2019	1		100	35	16.6	475	318
4/1/2019	7	516	1	51	4/1/2019	1		100	36	16.5	473	317
5/1/2019	5	571	-	51	5/1/2019	2		200	37	16.4	472	316
6/1/2019	29	582	22	51	6/1/2019	3		200	38	16.3	471	315
7/1/2019	17	539	64	51	7/1/2019	2		200	39	16.2	470	314
8/1/2019	4	589	-	51	8/1/2019	2		200	40	16.2	469	313
9/1/2019	16	565	-	51	9/1/2019	3		200	41	16.1	467	312
10/1/2019	-	592	42	51	10/1/2019	4		200	42	16.0	466	311
11/1/2019	23	585	-	51	11/1/2019	2		200	43	15.9	465	310
12/1/2019	-	566	-	51	12/1/2019	3		200	44	15.9	464	309
1/1/2020	-	523	-	52	1/1/2020	2		200	45	15.8	463	308
2/1/2020	2	335	0	52	2/1/2020	2		200	46	15.7	462	307
3/1/2020	4	537	1	50	3/1/2020	1		100	47	15.6	461	306
4/1/2020	136	538	668	50	4/1/2020	3		200	48	15.6	459	305
5/1/2020	25	437	392	50	5/1/2020	1		100	49	15.5	458	304
6/1/2020	19	551	4	50	6/1/2020	2		200	50	15.4	457	303
7/1/2020	17	570	4	50	7/1/2020	3		200	51	15.3	456	302
8/1/2020	18	497	4	50	8/1/2020	2		200	52	15.3	455	301
9/1/2020	18	588	4	50	9/1/2020	-		-	53	15.2	454	300
10/1/2020	1	487	1	50	10/1/2020	2		200	54	15.1	453	299
11/1/2020	33	534	8	50	11/1/2020				55	15.0	451	298
12/1/2020	35	514	-	50	12/1/2020				56	15.0	450	297
1/1/2021	38	457	-	50	1/1/2021			-	57	14.9	449	296
2/1/2021	23	294	-	50	2/1/2021			-	58	14.8	448	295
3/1/2021	38	445	5	48	3/1/2021			-	59	14.8	447	294
4/1/2021	40	440	-	48	4/1/2021			5,399	60	14.7	446	293
5/1/2021	43	496	10	48	5/1/2021			13				
6/1/2021	11	505	-	48	6/1/2021			12				
7/1/2021	20	430	1	48	7/1/2021			6,814				
8/1/2021	49	592	1	45	8/1/2021			1,015				
9/1/2021	93	507	5	43	9/1/2021			126				
10/1/2021	50	237	1	20	10/1/2021	-	-	-				

Exhibit D – Pool Allocations & Post Workover IP Rates

	OIL	GAS	WATER	POOL
5 yr Cum	1,094	31,061	1,451	[33820] JALMAT; TAN-YATES-7-RIVERS
Allocated %	94%	100%	7%	
IP Rate	.6	17.0	.8	
5 yr Cum	76	-	19,879	[37240] LANGLIE MATTIX; 7 RIVERS-QUEEN-GRAYBURG
Allocated %	6%	-	93%	
IP Rate	-	-	10.9	
IP Rate	.6	17.0	11.7	Commingled (Total)

Well Name: **Arco Crump #001** Lease No: _____ Lease Type: **Private (Fee)**
 Township: **24-S** Range: **36-E** Sec: **1-I** Location: **1980' FSL & 660' FEL**
 County: **Lea** State: **NM** API: **30-025-24225** Formation: **DHC: Jalmat-Langlie Mattix; Y-7 RVRs-Q**

Surface Csg

Size: **8-5/8"**
 Wt.&Thrd: **20#**
 Grade: **H-40, ST&C**
 Set @: **378'**
 Sxs cmt: **300 sxs**
 Circ: **20 sxs**
 TOC: **Surface**
 Hole Size: **11"**

KB: **3336'**DF: **3335'**GL: **3324'**Spud Date: **9/7/1972**Compl. Date: **9/22/1972****History - Highlights****Proposed:** Add Perfs & Acidize Jalmat; DHC

SN **3360'**
 EOT **3397'**

Chem Cut Tbg Looking Up **3420'**
 Fish (2-3/8" Tbg Stuck) **3440'**

Production Csg

Size: **4-1/2"**
 Wt.&Thrd: **9.5#**
 Grade: **J-55, ST&C**
 Set @: **3700'**
 Sxs Cmt: **285 sxs**
 Circ: _____
 TOC: **Calc 2700'**
 Hole Size: **7-7/8"**

PBTD **3665'**
 TD **3700'**

YATES (Top @ 2896')

2902', 2912', 2933', 2950', 2975', 2993', 3005', 3016', 3021', 3030', 3041', 3046', 3074', 3087', 3097'
 (2 SPF) - Proposed

Acidize w/ 1500 gals 15% NEFE HCL acid, 500# rock salt, & flush w/ 20 bbls 2% KCL wtr

SEVEN RIVERS (Top @ 3110')

3148', 3160', 3167', 3220', 3286', 3296', 3319', 3344', 3373', 3391', 3426' (2 SPF) - Proposed

Acidize w/ 1500 gals 15% NEFE HCL acid, 500# rock salt, & flush w/ 20 bbls 2% KCL wtr

QUEEN (Top @ 3510')

3454', 3457', 3492', 3494', 3516', 3520', 3526', 3533', 3558', 3562', 3569', 3582', 3625' (1 SPF) -
 Sep 1972

Acidize w/ 2000 gals 15% NE acid & 21 balls; Frac w/ 20,000 gals 1% KCL wtr, 40# gel/1000 gals & 28,750# 20/40 sand

Acidize w/ 3500 gals acid; Frac w/ 7500 gals 2% KCL gel wtr, 7500 gals CO2, 12,500# 20/40 sand, & 8000# 10/20 sand - May 1979

Tubulars - Capacities and Performance

	bb/ft	cf/ft	Tensile (lbs)	Burst (psi)	Collapse (psi)	ID(in)	Drift (in)
2-3/8" 4.7# J-55 8rd EUE Tubing (~104 jts 2-3/8" tubing, SN, 4" perf sub, MA w/ bull plug)							

Well Name: **Arco Crump #001** Lease No: _____ Lease Type: **Private (Fee)**
 Township: **24-S** Range: **36-E** Sec: **1-I** Location: **1980' FSL & 660' FEL**
 County: **Lea** State: **NM** API: **30-025-24225** Formation: **Langlie-Mattix; 7 Rivers-Queen-Grayburg**

Surface Csg

Size: **8-5/8"**
 Wt.&Thrd: **20#**
 Grade: **H-40, ST&C**
 Set @: **378'**
 Sxs cmt: **300 sxs**
 Circ: **20 sxs**
 TOC: **Surface**
 Hole Size: **11"**

KB: **3336'**DF: **3335'**GL: **3324'**Spud Date: **9/7/1972**Compl. Date: **9/22/1972****History - Highlights**EOT **3389'**Chem Cut Tbg Looking Up **3420'**Fish (2-3/8" Tbg Stuck) **3440'****Production Csg**

Size: **4-1/2"**
 Wt.&Thrd: **9.5#**
 Grade: **J-55, ST&C**
 Set @: **3700'**
 Sxs Cmt: **285 sxs**
 Circ: _____
 TOC: **Calc 2700'**
 Hole Size: **7-7/8"**

YATES (Top @ 2896')**SEVEN RIVERS (Top @ 3110')****QUEEN (Top @ 3510')**

3454', 3457', 3492', 3494', 3516', 3520', 3526', 3533', 3558', 3562', 3569', 3582', 3625'
 (1 SPF) - Sep 1972

Acidize w/ 2000 gals 15% NE acid & 21 balls; Frac w/ 20,000 gals 1% KCL wtr,
 40# gel/1000 gals & 28,750# 20/40 sand

Acidize w/ 3500 gals acid; Frac w/ 7500 gals 2% KCL gel wtr, 7500 gals CO2,
 12,500# 20/40 sand, & 8000# 10/20 sand - May 1979

PBTD 3665'

TD 3700'

Tubulars - Capacities and Performance

	bbl/ft	cf/ft	Tensile (lbs)	Burst (psi)	Collapse (psi)	ID (in)	Drift (in)
2-3/8" Tubing @ 3389'							

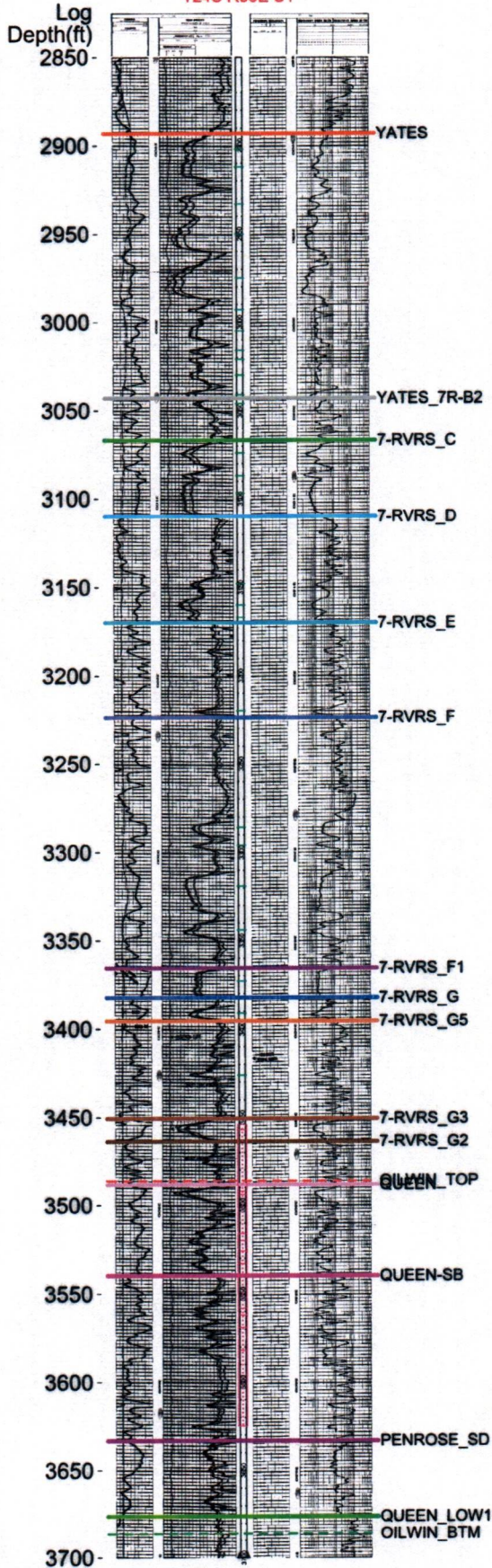
30025242250000

FAE

ARCO CRUMP 1

SPUD DATE : 9/7/1972

T24S R36E S1



ARCO CRUMP 1

ELEV_KB : 3,336

TD : 3,700

API14	SOURCE	PERF TYPE	TOP PERF	BASE PERF	INTERVAL
30025242250000	CJH	PROPOSED	2902	2902	1
30025242250000	CJH	PROPOSED	2912	2912	1
30025242250000	CJH	PROPOSED	2933	2933	1
30025242250000	CJH	PROPOSED	2950	2950	1
30025242250000	CJH	PROPOSED	2975	2975	1
30025242250000	CJH	PROPOSED	2993	2993	1
30025242250000	CJH	PROPOSED	3005	3005	1
30025242250000	CJH	PROPOSED	3016	3016	1
30025242250000	CJH	PROPOSED	3021	3021	1
30025242250000	CJH	PROPOSED	3030	3030	1
30025242250000	CJH	PROPOSED	3041	3041	1
30025242250000	CJH	PROPOSED	3046	3046	1
30025242250000	CJH	PROPOSED	3074	3074	1
30025242250000	CJH	PROPOSED	3087	3087	1
30025242250000	CJH	PROPOSED	3097	3097	1
30025242250000	CJH	PROPOSED	3148	3148	1
30025242250000	CJH	PROPOSED	3160	3160	1
30025242250000	CJH	PROPOSED	3167	3167	1
30025242250000	CJH	PROPOSED	3220	3220	1
30025242250000	CJH	PROPOSED	3286	3286	1
30025242250000	CJH	PROPOSED	3296	3296	1
30025242250000	CJH	PROPOSED	3319	3319	1
30025242250000	CJH	PROPOSED	3344	3344	1
30025242250000	CJH	PROPOSED	3373	3373	1
30025242250000	CJH	PROPOSED	3391	3391	1
30025242250000	CJH	PROPOSED	3426	3426	1
				SUM	26

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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

¹ API Number 30-025-24225	² Pool Code 37240	³ Pool Name LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG
⁴ Property Code 329925	⁵ Property Name ARCO CRUMP	⁶ Well Number #001
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC	⁹ Elevation 3324'

10 Surface Location

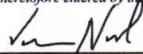
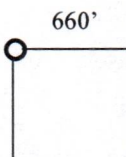
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
1	01	24S	36E		1980	S	660	E	LEA

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
1	01	24S	36E		1980	S	660	E	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
40	Y		

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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  Signature 11/4/2021 Date VANESSA NEAL Printed Name vanessa@faenergyus.com E-mail Address
				NE/4 SE/4 Sec 12 (40 acres)	
				 660'	18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number
				1980'	

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1625 N. French Dr., Hobbs, NM 88240
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District II
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District III
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-24225		² Pool Code 79240	³ Pool Name JALMAT;TAN-YATES-7 RVRS
⁴ Property Code 329925	⁵ Property Name ARCO CRUMP		⁶ Well Number #001
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC		⁹ Elevation 3324'

¹⁰ Surface Location

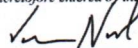

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
1	01	24S	36E		1980	S	660	E	LEA

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UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
1	01	24S	36E		1980	S	660	E	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
40	Y		

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16				<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p> 11/4/2021</p> <p>Signature Date</p> <p>VANESSA NEAL</p> <p>Printed Name</p> <p>vanessa@faenergyus.com</p> <p>E-mail Address</p>
			<p>NE/4 SE/4</p> <p>Sec 12 (40 acres)</p>	
			<p>660'</p> <p></p>	<p>18 SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p>
			<p>1980'</p>	<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

From: [Engineer, OCD, EMNRD](#)
To: [Vanessa Neal](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com
Subject: Approved Administrative Order DHC-5167
Date: Friday, April 15, 2022 12:04:17 PM
Attachments: [DHC5167 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5167 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

Well Name: [Arco Crump #1](#)

Well API: [30-025-24225](#)

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-5167

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 an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
4. 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.
5. 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.
6. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
7. 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.

8. 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.
9. 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).
10. 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-5167**

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

Well Name: **Arco Crump #1**

Well API: **30-025-24225**

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

Upper Zone

Pool ID: **33820**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **94%**

Gas: **100%**

Interval: **Perforations**

Top: **2,902**

Bottom: **3,390**

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: **X**

New:

Allocation: **Fixed Percent**

Oil: **6%**

Gas: **0%**

Interval: **Perforations**

Top: **3,390**

Bottom: **3,426**

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

Top of Queen Formation: **3,490**

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Santa Fe, NM 87505

CONDITIONS

Action 67400

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 67400
	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