DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.	
		A	BOVE THIS LINE FOR DIVISION USE C	DNLY		
		- Engine	CONSERVATION eering Bureau - s Drive, Santa Fe, Ni			
	ADN	INISTRATI			CKLIST	
THIS CHEC	KLIST IS MANDATO		ATIVE APPLICATIONS FO		DIVISION RULES AND REG	GULATIONS
-	[S	mingling] [OLS Vaterflood Expansi WD-Salt Water Dis	TB-Lease Commingl - Off-Lease Storage] ion] [PMX-Pressu :posal] [IPI-Injecti rery Certification]	[OLM-Off-Lea re Maintenance on Pressure Inc		
[1] <b>TYP</b>	[A] Loca		ose Which Apply for - Simultaneous Ded SD			
	[B] Com	nly for [B] or [C] mingling - Storage DHC	- Measurement	🗌 ols 🗌	] OLM	
			essure Increase - Enh		very PPR	
	[D] Othe	r: Specify				
[2] <b>NOT</b>			Check Those Which or Overriding Royalt			
	[B]	Offset Operators, L	easeholders or Surfa	ce Owner		
	[C]	Application is One	Which Requires Pub	lished Legal No	tice	
	[D]	Notification and/or J.S. Bureau of Land Manager	Concurrent Approva	al by BLM or SL	.0	
		-			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	In Not	Sr Reservoir Engineer	02 May 2022
Print or Type Name	Signature	Title	Date
		04	

vanessa@faenergyus.com

e-mail Address

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#### Received by OCD: 5/5/2022 3:46:08 PM

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

FAE II Operating LLC

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A Revised August 1, 2011

Page 2 of 19

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

APPLICATION TYPE X\_Single Well Establish Pre-Approved Pools EXISTING WELLBORE <u>X</u> Yes No

Τ

#### APPLICATION FOR DOWNHOLE COMMINGLING

11757 Katy Freeway, Suite 725 Houston, TX 77079 Address

Operator		Address			
STATE A A/C 1	#093	B-09-23S-36E	LEA		
Lease	Well No.	Unit Letter-Section-Township-Range	County		
000 NL 22022(	$D_{1} + C_{1} + 2211(2)$	ADIN. 20.025.00280 I	The Film I V Ct to Film		

OGRID No. <u>329326</u> Property Code <u>331162</u> API No. <u>30-025-09280</u> Lease Type: Federal <u>X</u> State \_\_\_\_ Fee Т

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TANSILL-YATES-7 RVRS		LANGLIE MATTIX; 7 RVRS-Q- GRAYBURG
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2897'-3700'		3700'-3789'
Method of Production (Flowing or Artificial Lift)	ARTIFICAL LIFT		ARTIFICAL 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 API / 1.189 BTU		35 API / 1.189 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.)	Date: SEE Rates: ATTACHED		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 24 % 81 %		Oil Gas 76 % 19 %

#### **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 Yes		No No
Are all produced fluids from all commingled zones compatible with each other?	Yes	<u>X</u>	No
Will commingling decrease the value of production?	Yes		No_ <u>X</u>
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	<u>X</u>	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	_TITLE	Sr Reservoir Engineer	DATE <u>02</u>	May 2022		
Image: Non-state   Image: Non-state		TELEPHONE NO. (_§	<u>332 ) 219-0990</u>	0		

E-MAIL ADDRESS vanessa@faenergyus.com

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

## fae∏operating

April 13, 2022

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 1 #093 API: 30-025-09280 [33820] Jalmat; Tansill-Yates-7 RVRS (Oil) [37240] Langlie Mattix; 7 Rvrs-Q-Grayburg

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,

Steven Lehrbass

Director of Land

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FAE II Operating LLC *Received by OCD: 5/5/2022 3:46:08 PM* 11757 Katy Fwy #725, Houston, TX 77079 (832) 219-0990 vanessa@faenergyus.com

## fae**I**operating

April 11, 2022

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 1 #093 API: 30-025-09280 [33820] Jalmat; Tansill-Yates-7 RVRS (Oil) [37240] Langlie Mattix; 7 Rvrs-Q-Grayburg

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: N-04-23S-36E 467 FSL 2173 FWL Lat/Long: 32.3275871,-103.2715988 NAD83

The well is currently producing from the **[33820] Jalmat; Tansill-Yates-7 RVRS (Oil)** pool; Exhibit A shows the well's historical production from this pool. It is proposed to downhole commingle this pool with the **[37240] Langlie Mattix; 7 Rvrs-Q-Grayburg** 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 **State A A/C 1 #093** 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

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## faeIIoperating

Exhibit A – Historical Production of Current Pool

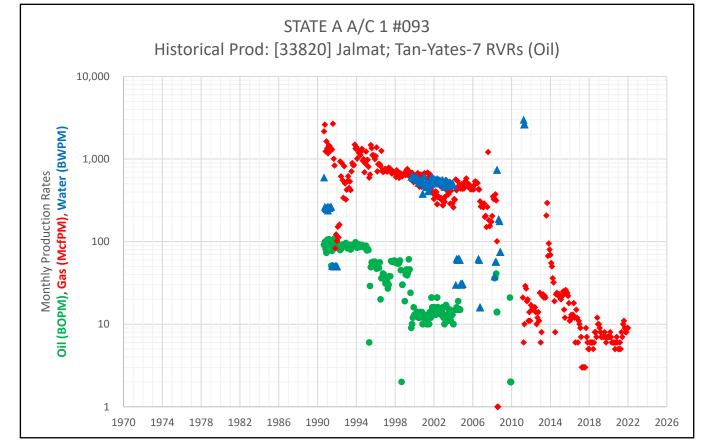
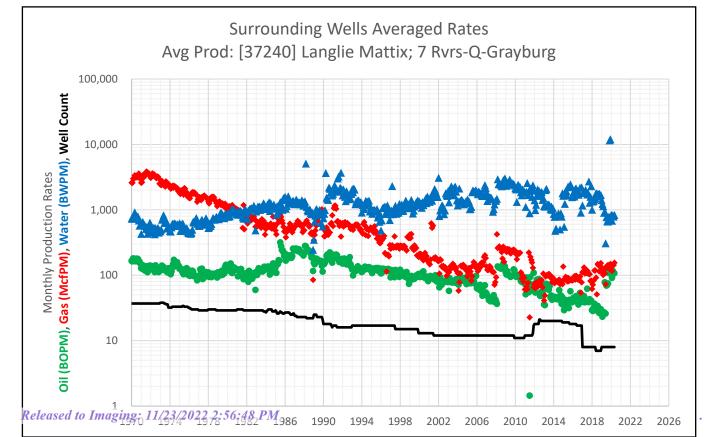


Exhibit B – Average Historical Production of Offset Analog Wells



# faeIIoperating

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

Avg Pro	Surrounding Wells Averaged Rates Avg Prod: [37240] Langlie Mattix; 7 Rvrs-Q-Grayburg					STATE A A/C 1 #093 Historical Prod: [33820] Jalmat; Tan-Yates-7 RVRs (Oil)		es-7 RVRs (Oil)		Synthetic D	ecline 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)
9/1/2016	43	91	1,794	17	9/1/2016	•	15	. ,	1	79.1	664	1,833
10/1/2016	54	96	2,180	17	10/1/2016		12		2	78.7	662	1,827
11/1/2016	46	54	907	17	11/1/2016		6		3	78.3	661	1,821
12/1/2016	46	78	2,214	17	12/1/2016		11		4	78.0	659	1,815
1/1/2017	39	112	1,168	8	1/1/2017		10		5	77.6	658	1,809
2/1/2017	44	114	1,871	8	2/1/2017		9		6	77.2	656	1,803
3/1/2017	48	131	1,828	8	3/1/2017		7		7	76.8	654	1,797
4/1/2017	39	106	1,908	8	4/1/2017		3		8	76.5	653	1,791
5/1/2017	41	116	2,017	8	5/1/2017		3		9	76.1	651	1,786
6/1/2017	42	118	1,815	8	6/1/2017		3		10	75.7	649	1,780
7/1/2017	62	117	1,719	8	7/1/2017		3 3		11	75.4	648	1,774
8/1/2017 9/1/2017	107 39	107 106	1,823	8 8	8/1/2017 9/1/2017		3		12 13	75.0 74.7	646 645	1,768 1,762
10/1/2017	43	100	2,715 1,285		10/1/2017		9 7		13	74.7	643	1,756
11/1/2017	43	82	1,285	8 8	10/1/2017		6		14	74.5	641	1,750
12/1/2017	41	82	2,301	8	12/1/2017		5		15	73.6	640	1,745
1/1/2018	29	62	1,005	8	1/1/2018		5		10	73.2	638	1,739
2/1/2018	28	72	1,339	8	2/1/2018		6		18	72.9	637	1,733
3/1/2018	32	83	1,373		3/1/2018		6		19	72.5	635	1,728
4/1/2018	37	118	1,444	8 8	4/1/2018		6		20	72.2	633	1,722
5/1/2018	32	119	1,519	8	5/1/2018		6		21	71.9	632	1,716
6/1/2018	33	92	1,789	7	6/1/2018		5		22	71.5	630	1,711
7/1/2018	34	51	1,760	7	7/1/2018		6		23	71.2	629	1,705
8/1/2018	34	148	1,738	7	8/1/2018		8		24	70.8	627	1,700
9/1/2018	28	142	1,736	7	9/1/2018		8		25	70.5	625	1,694
10/1/2018	27	115	1,766	7	10/1/2018		7		26	70.2	624	1,688
11/1/2018	27	148	1,609	7	11/1/2018		12		27	69.8	622	1,683
12/1/2018	30	153	1,688	7	12/1/2018		10		28	69.5	621	1,677
1/1/2019	27	132	1,407	8	1/1/2019		10		29	69.2	619	1,672
2/1/2019	23	109	1,230	8	2/1/2019		9		30	68.8	618	1,666
3/1/2019	25	101	1,138	8	3/1/2019		8		31	68.5	616	1,661
4/1/2019	27	121	900	8	4/1/2019		7		32	68.2	615	1,655
5/1/2019	78	106	937	8	5/1/2019		7		33	67.8	613	1,650
6/1/2019	26 69	73 137	308 775	8	6/1/2019		- 7		34 35	67.5 67.2	612	1,645
7/1/2019 8/1/2019	69 71	137	671	8	7/1/2019 8/1/2019		8		35	66.9	610 608	1,639 1,634
9/1/2019	71	132	662	8 8	9/1/2019		8 7		30	66.6	607	1,634
10/1/2019	107	143	785	8	10/1/2019		6		37	66.2	605	1,623
11/1/2019	107	140	11,554	8	11/1/2019		7		39	65.9	604	1,618
12/1/2019	120	149	11,989	8	12/1/2019		, 7		40	65.6	602	1,612
1/1/2020	114	144	840	8	1/1/2020		7		41	65.3	601	1,607
2/1/2020	91	116	681	8	2/1/2020		7		42	65.0	599	1,602
3/1/2020	117	141	828		3/1/2020		8		43	64.7	598	1,597
4/1/2020	106	143	789	8	4/1/2020		7		44	64.4	596	1,591
5/1/2020	107	155	835	8	5/1/2020		6		45	64.0	595	1,586
6/1/2020	87	137	687	8	6/1/2020		6		46	63.7	593	1,581
7/1/2020	98	132	684	8	7/1/2020		6		47	63.4	592	1,576
8/1/2020	97	125	846	8	8/1/2020		6		48	63.1	591	1,570
9/1/2020	73	144	700	8 8	9/1/2020		5		49	62.8	589	1,565
10/1/2020	86	131	607	8	10/1/2020		6		50	62.5	588	1,560
11/1/2020	94	158	602	8	11/1/2020		7		51	62.2	586	1,555
12/1/2020	94	142	635	8	12/1/2020		6		52	61.9	585	1,550
1/1/2021	114	158	533	8	1/1/2021		5		53	61.6	583	1,545
2/1/2021	60	117	349		2/1/2021		5		54	61.3	582	1,540
3/1/2021	72	128	493	8	3/1/2021		6		55	61.1	580	1,535
4/1/2021	88	117	357	8	4/1/2021		5		56	60.8	579	1,530
5/1/2021	95 52	262	485	8	5/1/2021		8		57	60.5	577	1,525
6/1/2021 7/1/2021	53	259 178	364	8 14	6/1/2021		7 10		58	60.2 59.9	576	1,520 1,515
7/1/2021 8/1/2021	48 52	178 187	365 367	14 15	7/1/2021 8/1/2021		10 11		59 60	59.9 59.6	574 573	1,515 1,510
8/1/2021 9/1/2021	52 49	187	367	15 15	9/1/2021		9		00	0.6C	5/3	1,510
10/1/2021	49 37	176	387	15	10/1/2021		9					
11/1/2021	52	175	384	15	10/1/2021		8					
12/1/2021	44	138	373	16	12/1/2021		9					
					1/1/2022		9					
<u>Release</u>	ed to Ima	ging: 11/.	23/2022 2:	56:48 PM	2/1/2022	-	-	-				•

# faeIIoperating

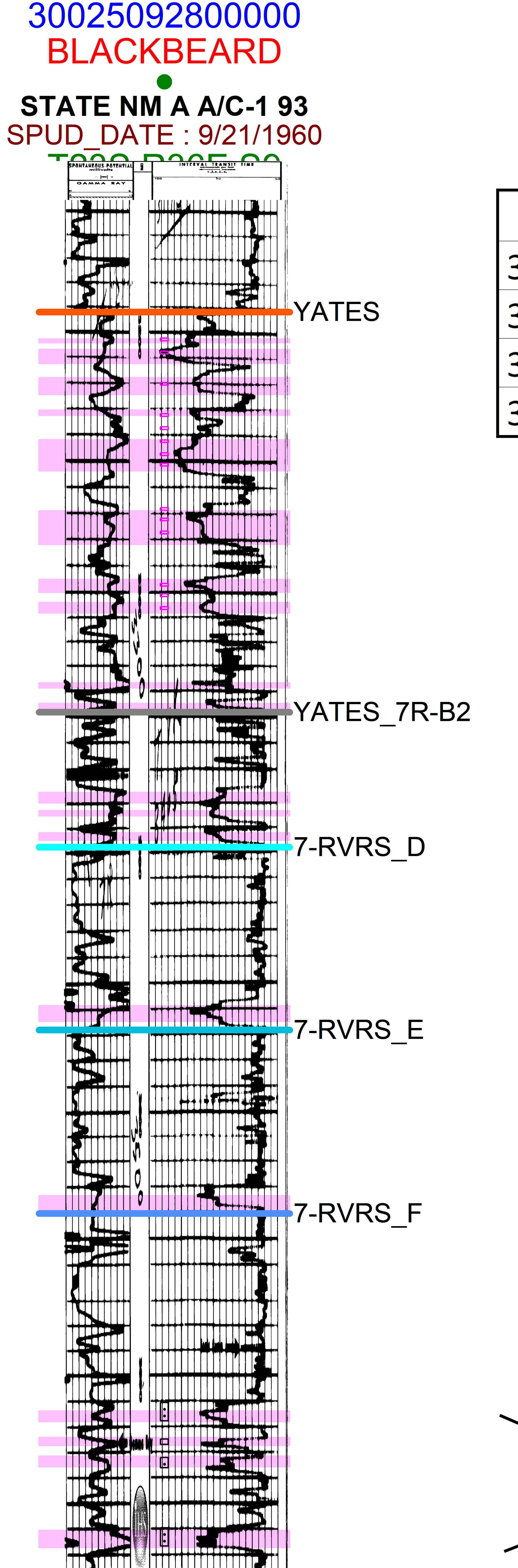
#### Exhibit D – Pool Allocations & Post Workover IP Rates

	OIL (bbls)	GAS (Mcf)	WATER (bbls)	POOL
5 yr Cum	3,634	7,754	85,799	
Allocated %	76%	19%	78%	[37240] Langlie Mattix; 7 Rvrs-Q-Grayburg
Daily IP Rate	2.0	4.2	47.0	
5 yr Cum	1,122	32,107	24,250	
Allocated %	24%	81%	22%	[33820] Jalmat; Tansill- Yates-7 RVRS (Oil)
Daily IP Rate	0.6	17.6	13.3	
Daily IP Rate	2.6	21.8	60.3	Commingled (Total)

# LOg Depth(ft) 3150-



JUJU



API	SOURCE	PERF TYPE	TOP PERF	BASE PERF
30025092800000	CJH	PROPOSED	3611	3618
30025092800000	CJH	PROPOSED	3625	3627
30025092800000	CJH	PROPOSED	3632	3636
30025092800000	CJH	PROPOSED	3659	3666

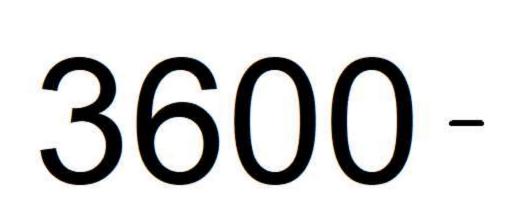




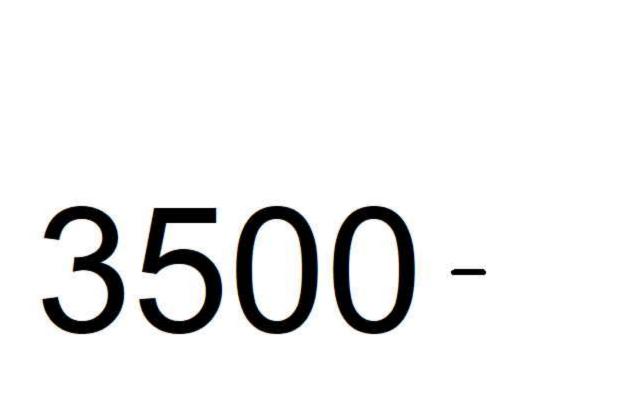


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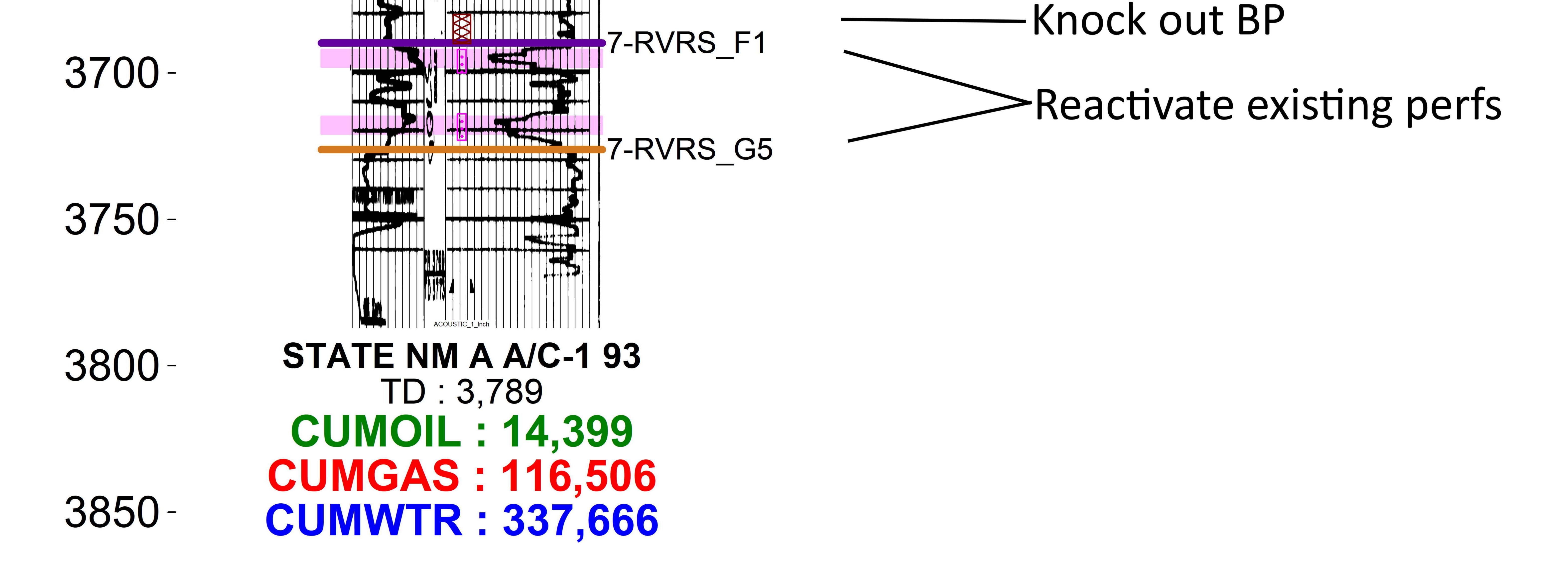






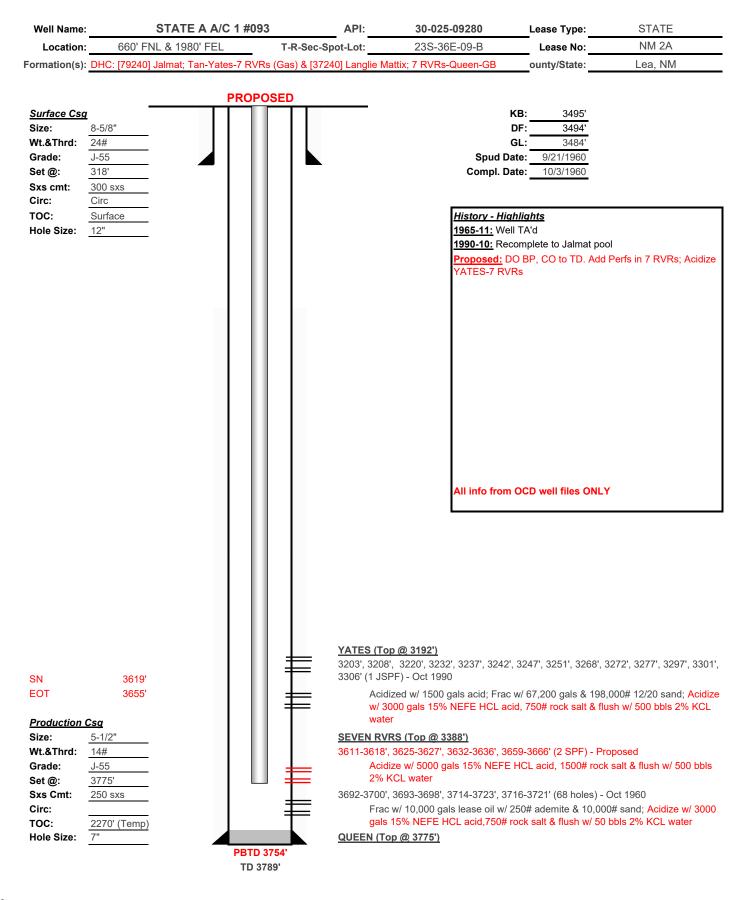


>Proposed Perfs



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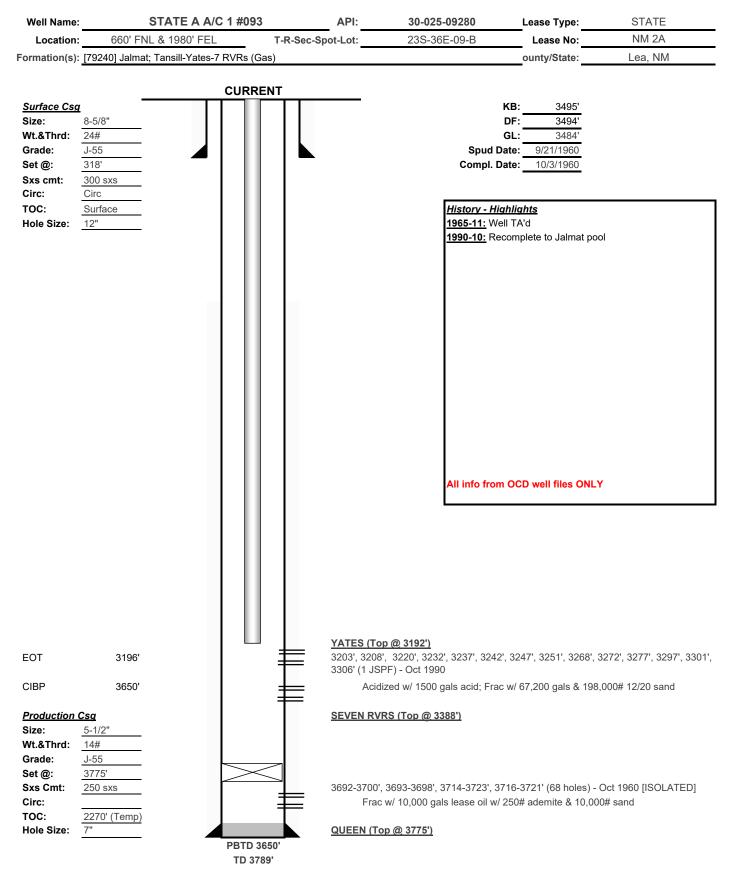
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ubulars - Capacities and Performance	
2-3/8" 4.7# J-55 Tubing (112 jts 2-3/8" tubing, SN, 4' perf sub, MA w/ bull plug)	

WBD\_STATE A AC 1 #093\_CURRENT\_2022-04-18.xlsx

#### Received by OCD: 5/5/2022 3:46:08 PM



Tubulars - Capacities and Performance		
2-3/8" Tubing		

WBD\_STATE A AC 1 #093\_CURRENT\_2022-04-18.xlsx

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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

<sup>1</sup> API Number			<sup>2</sup> Pc	ool Code		<sup>3</sup> Pool Name				
30-025-09280			3	3820	JALMAT; TANSILL-YATES-7 RVRS (OIL)					
<sup>4</sup> Property	<sup>4</sup> Property Code			<sup>5</sup> Property Name				<sup>6</sup> We	ell Number	
33116	331162			STATE A A/C 1				i	#093	
<sup>7</sup> OGRID	No.			<sup>8</sup> Operator Name					<sup>9</sup> Elevation	
32932	329326			FAE II OPERATING, LLC					3484'	
	<sup>10</sup> Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
В	09	23S	36E		660	Ν	1980	E	LEA	
	" Bottom Hole Location If Different From Surface									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
В	09	23S	36E		660	Ν	1980	E	LEA	
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint o	r Infill	Consolidation Code	<sup>15</sup> 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 <b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to
		660'		the best of my knowledge and belief, and that this organization either owns a
		0		working interest or unleased mineral interest in the land including the
		<u>ه</u>	10000	proposed bottom hole location or has a right to drill this well at this location
	NW/4 NE/4	•	1980'	pursuant to a contract with an owner of such a mineral or working interest,
	Sec 09 (40 acres)			or to a voluntary pooling agreement or a compulsory pooling order
				heretofor entered by the division.
				05/02/2022
				Signature Date
				VANESSA NEAL
				Printed Name
				vanessa@faenergyus.com E-mail Address
				*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:
				Signature and Scal of FIOICSSIONAL 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

<sup>1</sup> API Number			<sup>2</sup> Pc	ool Code		<sup>3</sup> Pool Name				
30-025-09280			3	37240 LANGLIE MATTIX; 7 RVRS-Q-G			Q-GRAYBURG	RAYBURG		
<sup>4</sup> Property	Code			<sup>5</sup> Property Name				<sup>6</sup> We	ell Number	
33116	331162			STATE A A/C 1				ī	#093	
<sup>7</sup> OGRID	No.			<sup>8</sup> Operator Name					<sup>9</sup> Elevation	
32932	6			FAE II OPERATING, LLC					3484'	
	<sup>10</sup> Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
В	09	23S	36E		660	Ν	1980	E	LEA	
			<sup>11</sup> Bottom	Hole Locat	ion If Differe	ent From Sur	face			
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
В	09	23S	36E		660	Ν	1980	E	LEA	
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint o	r Infill	Consolidation Code	<sup>15</sup> 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
		, 0		I hereby certify that the information contained herein is true and complete to
		660'		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
		0	1980'	proposed bottom hole location or has a right to drill this well at this location
	NW/4 NE/4		1980	pursuant to a contract with an owner of such a mineral or working interest,
	Sec 09 (40 acres)			or to a voluntary pooling agreement or a compulsory pooling order
				heretofor entered by the division.
				05/02/2022
				Signature Date
				VANESSA NEAL
				Printed Name
				vanessa@faenergyus.com
				E-mail Address
				<b>ISURVEYOR CERTIFICATION</b>
				I hereby certify that the well location shown on this plat
				was plotted from field notes of actual surveys made by
				me or under my supervision, and that the same is true
				and correct to the best of my belief.
				Date of Survey
				Signature and Seal of Professional Surveyor:
				Signature and Sear of Trofessional Surveyor.
				Certificate Number

FAE II Operating, LLC 11757 Katy Fwy #725, Houston, TX 77079 (832) 220-0990 vanessa@faenergyus.com

# faeIIoperating

May 05, 2022

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

Re: State A A/C 1 #093 API: 30-025-09280 [33820] Jalmat; Tan-Yates-7 RVRs (Oil) [37240] Langlie Mattix; 7 Rvrs-Q-Grayburg

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. This letter serves as notice that the New Mexico State Land Office (NMSLO) has been mailed a copy of the downhole commingle package, tracking is provided below.

#### USPS: 7021 0950 0001 7172 8114

Please feel free to contact me directly if you have any questions or need any additional information. Thank you for your attention to this matter.

Respectfully,

Vanessa Neal Sr Reservoir Engineer

-

From:	McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD
То:	Vanessa Neal
Cc:	<u>McClure, Dean, EMNRD; Kautz, Paul, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD;</u> lisa@rwbyram.com; Dawson, Scott
Subject:	Approved Administrative Order DHC-5238
Date:	Wednesday, November 23, 2022 2:37:34 PM
Attachments:	DHC5238 Order.pdf

NMOCD has issued Administrative Order DHC-5238 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

#### Well Name: State A A/C 1 #93 Well API: 30-025-09280

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 COMMINGLINGSUBMITTED BY FAE II OPERATING, LLCORDER NO. DHC-5238

#### <u>ORDER</u>

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

Order No. DHC-5238

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.

#### <u>ORDER</u>

- 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 **CONSERVATION DIVISION** ADRIENNE E. SANDOVAL

DIRECTOR

DATE: 11/23/2022

Order No. DHC-5238

Exhibit A		
Order: DHC-5238		
<b>Operator: FAE II Operating, I</b>	LLC (329326)	
Well Name: State A A/C 1 #93		
Well API: 30-025-09280		
Pool Name: JALMAT;TAN-YAT	ES-7 RVRS (OIL)	
Pool ID: 33820	Current: X	New:
Allocation: Fixed Percent	Oil: 24%	Gas: 81%
Interval: Perforations	Top: 2,897	Bottom: 3,700
Pool Name:		
Pool ID:	Current:	New:
Allocation:	Oil:	Gas:
Interval:	Тор:	Bottom:
/al within 150% of Upper Zone's Tc	op of Interval:	
Pool Name: LANGLIE MATTIX;	7 RVRS-Q-GRAYBURG	
Pool ID: 37240	Current:	New: X
		<b>a</b> 100/
Allocation: Fixed Percent	Oil: 76%	Gas: 19%
Allocation: Fixed Percent Interval: Perforations	Oil: 76% Top: 3,700	
	Top: 3,700	Gas: 19% Bottom: 3,789
	Exhibit A Order: DHC-5238 Operator: FAE II Operating, I Well Name: State A A/C 1 #93 Well API: 30-025-09280 Pool Name: JALMAT;TAN-YAT Pool ID: 33820 Allocation: Fixed Percent Interval: Perforations Pool Name: Pool ID: Allocation: Interval: val within 150% of Upper Zone's To Pool Name: LANGLIE MATTIX;	Order: DHC-5238 Operator: FAE II Operating, LLC (329326) Well Name: State A A/C 1 #93 Well API: 30-025-09280 Pool Name: JALMAT;TAN-YATES-7 RVRS (OIL) Pool ID: 33820 Current: X Allocation: Fixed Percent Oil: 24% Interval: Perforations Top: 2,897 Pool Name: Pool ID: Current: Allocation: Oil: Interval: Top: val within 150% of Upper Zone's Top of Interval: Pool Name: LANGLIE MATTIX;7 RVRS-Q-GRAYBURG

#### State of New Mexico Energy, Minerals and Natural Resources Department

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

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 725	Action Number:
Houston, TX 77079	104749
	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.	11/23/2022		

Page 19 of 19

CONDITIONS

Action 104749