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

THI	S CHECKLIST IS N		CATIONS FOR EXCEPTIONS TO DIVISION RULES AND THE DIVISION LEVEL IN SANTA FE	REGULATIONS
Applic	ation Acronyn	ns:		
	[DHC-Dow [PC-P	nhole Commingling] [CTB-Lease (ool Commingling] [OLS - Off-Lease [WFX-Waterflood Expansion] [PM [SWD-Salt Water Disposal] [I	d Proration Unit] [SD-Simultaneous Dedica Commingling] [PLC-Pool/Lease Comming e Storage] [OLM-Off-Lease Measurement IX-Pressure Maintenance Expansion] IPI-Injection Pressure Increase] ication] [PPR-Positive Production Respo	yling]]
[1]	TYPE OF A [A]	PPLICATION - Check Those Which Location - Spacing Unit - Simultar NSL NSP SD		
	Chec [B]	k One Only for [B] or [C] Commingling - Storage - Measurer DHC CTB PLC		
	[C]	Injection - Disposal - Pressure Incr WFX PMX SWD		
	[D]	Other: Specify		
[2]	NOTIFICATE [A]	TION REQUIRED TO: - Check Tho Working, Royalty or Overriding	se Which Apply, or □ Does Not Apply ng Royalty Interest Owners	
	[B]	Offset Operators, Leaseholder	rs or Surface Owner	
	[C]	Application is One Which Red	quires Published Legal Notice	
	[D]	Notification and/or Concurren U.S. Bureau of Land Management - Commissi	nt Approval by BLM or SLO ioner of Public Lands, State Land Office	
	[E]	For all of the above, Proof of	Notification or Publication is Attached, and/o	or,
	[F]	☐ Waivers are Attached		
[3]		CCURATE AND COMPLETE INFO ATION INDICATED ABOVE.	ORMATION REQUIRED TO PROCESS	ТНЕ ТҮРЕ
	al is accurate		rmation submitted with this application for a ledge. I also understand that no action will be are submitted to the Division.	
	Note	: Statement must be completed by an indivi	idual with managerial and/or supervisory capacity.	
	sa Neal	Signature Signature	Sr Reservoir Engineer Title	23 SEP 2022
Print or	Type Name	Signature'	11110	Date
			vanessa@faenergyus.com	
			e-mail Address	

<u>District I</u> 1625 N. French Drive, Hobbs, NM 88240

<u>District II</u> 811 S. First St., Artesia, NM 88210

<u>District III</u> 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

Form C-107A Revised August 1, 2011

APPLICATION TYPE

ols

APPLICATION FOR DOWNHOLE COMMINGL	ING
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. 011	
n Pre-App	roved Poo
NG WEL	LBORE
_Yes	No
	Vell h Pre-App ING WEL Yes

FAE II Operating LLC Operator	11757 Katy Freew Addr	ray, Suite 725 Houston, TX 77079	
			I.F.
STATE A A/C 2 Lease		·22S-36E ection-Township-Range	LEA County
OGRID No. 329326 Property Co	ode <u>331161</u> API No. <u>30</u>	0-025-08847 Lease Type:	FederalXStateFee
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TANSILL-YATES-7 RVRS		EUNICE; 7 RVRS-QUEEN, SOUTH
Pool Code	79240		24130
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3105-3540'		3510-3540'
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	Oil Gas		Oil Gas
than current or past production, supporting data or explanation will be required.)	0 % 22 %		100 % 78 %
	ADDITION	AL DATA	
Are all working, royalty and overriding ref not, have all working, royalty and over	oyalty interests identical in all comriding royalty interest owners been	nmingled zones? n notified by certified mail?	Yes X No Yes No Yes X No
Vill commingling decrease the value of 1	production?		Yes No_ <u>X</u>
f this well is on, or communitized with, s r the United States Bureau of Land Man			Yes <u>X</u> No
NMOCD Reference Case No. applicable	to this well:		_
Attachments: C-102 for each zone to be commingle Production curve for each zone for at For zones with no production history Data to support allocation method or Notification list of working, royalty a Any additional statements, data or do	least one year. (If not available, a , estimated production rates and su formula. and overriding royalty interests for	ttach explanation.) pporting data. uncommon interest cases.	
	PRE-APPROV	VED POOLS	
If application is to	establish Pre-Approved Pools, the	e following additional information wil	l be required:
ist of other orders approving downhole ist of all operators within the proposed broof that all operators within the proposed sottomhole pressure data.	Pre-Approved Pools		
hereby certify that the information	hbove is true and complete to the	ne best of my knowledge and belie	
SIGNATURE V	$\frac{1}{2}$ title <u>s</u>	Sr Reservoir Engineer	DATE 23 SEP 2022
TYPE OR PRINT NAME <u>Vanes</u>	ssa Neal_	TELEPHONE NO. (_83	2_)_219-0990
E-MAIL ADDRESS <u>vanessa@faer</u>	nergyus.com_		

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



February 22, 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 2 #038

API: 30-025-08847

[79240] Jalmat; Tansill-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 a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed above.

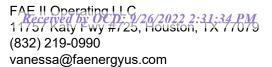
If you have any questions, please feel free to contact the undersigned.

Thank you for your attention to this matter.

Respectfully,

Steven Lehrbass

Director of Land





Sept 23, 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 2 #038

API: 30-025-08847

[79240] Jalmat; Tansill-Yates-7 RVRs [24130] Eunice; 7 RVRs-Queen, South

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: K-09-22S-36E 1980 FSL 1980 FWL

Lat/Long: 32.4044685,-103.272316 NAD83

The well is currently producing from the **[79240] Jalmat; Tansill-Yates-7 RVRs** pool; Exhibit A shows the well's historical production from this pool. It is proposed to downhole commingle this pool with the **[24130] Eunice; 7 RVRs-Queen, South** 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 2 #038** 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

Released to Imaging: 11/23/2022 2:59:19 PM



Exhibit A - Historical Production of Current Pool

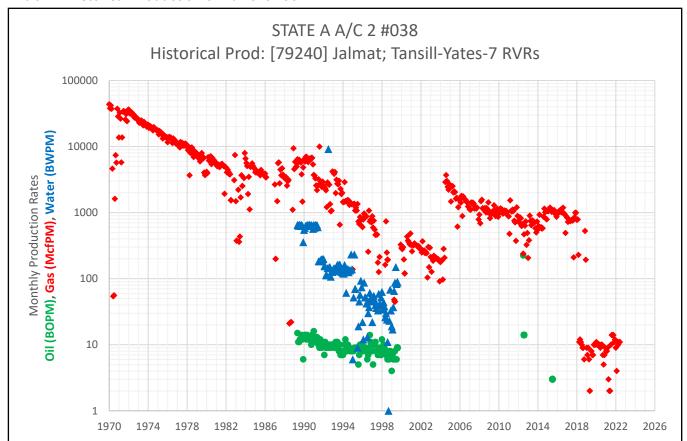


Exhibit B - Average Historical Production of Offset Analog Wells

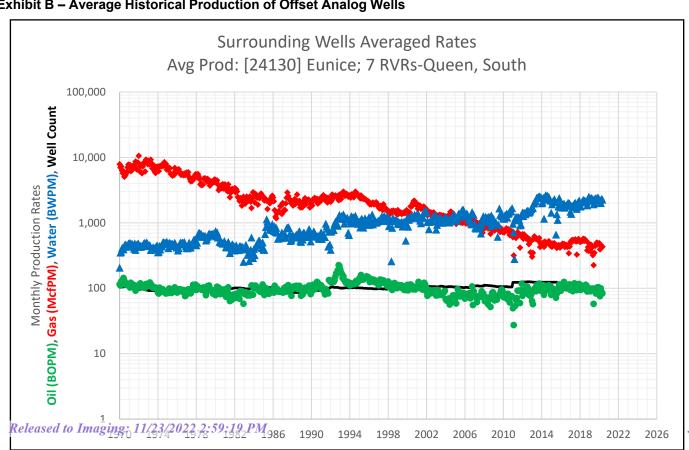




Exhibit (Exhibit C – Historical Production from Last 5 Years for Each Pool & Combined Future Forecast											
Avg		ng Wells Avera	aged Rates 'Rs-Queen, Soo	uth	STATE A A/C 2 #038 Historical Prod: [79240] Jalmat; Tansill-Yates-7 RVRs			Synthetic Decline Curve				
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1/1/2017	94	515	1,478	99	1/1/2017		837		1	85.8	563	1,886
2/1/2017	99	498	1,372	95	2/1/2017		721		2	85.4	561	1,879
3/1/2017	101	547	1,830	95	3/1/2017		791		3	85.0	560	1,873
4/1/2017	90	525	1,732	95	4/1/2017		763		4	84.6	559	1,867
5/1/2017	99	545	1,871	95	5/1/2017		741		5	84.2	557	1,861
6/1/2017	119	537	1,986	95	6/1/2017		768		6	83.8	556	1,855
				95	7/1/2017				7			1,833
7/1/2017	117	560	2,019				767			83.4	554	
8/1/2017	115	521	1,745	95	8/1/2017		758		8	83.0	553	1,843
9/1/2017	94	327	1,635	95	9/1/2017		210		9	82.6	552	1,837
10/1/2017	113	529	2,032	95	10/1/2017		847		10	82.2	550	1,831
11/1/2017	115	568	2,112	95	11/1/2017		994		11	81.8	549	1,825
12/1/2017	116	552	2,196	95	12/1/2017		993		12	81.4	548	1,819
1/1/2018	94	510	1,775	95	1/1/2018		777		13	81.1	546	1,813
2/1/2018	94	514	1,796	95	2/1/2018		787		14	80.7	545	1,807
3/1/2018	110	539	2,071	95	3/1/2018		229		15	80.3	543	1,801
4/1/2018	106	534	2,065	93	4/1/2018		11		16	79.9	542	1,795
5/1/2018	107	573	2,256	93	5/1/2018		12		17	79.5	541	1,789
6/1/2018	108	528	2,193	93	6/1/2018		11		18	79.1	539	1,783
7/1/2018	105	563	2,170	93	7/1/2018		10		19	78.8	538	1,777
8/1/2018	113	536	2,170	93	8/1/2018		9		20	78.4	537	1,771
9/1/2018	110	527	2,094	93	9/1/2018		9		21	78.0	535	1,765
10/1/2018	89	380	1,850	93	10/1/2018		6		22	77.6	534	1,760
11/1/2018	97	426	2,310	92	11/1/2018		527		23	77.3	533	1,754
12/1/2018	100	372	2,520	92	12/1/2018		193		24	76.9	531	1,748
1/1/2019	93	473	2,174	93	1/1/2019		9		25	76.5	530	1,742
2/1/2019	90	372	2,325	93	2/1/2019		7		26	76.2	529	1,737
3/1/2019	98	463	2,418	93	3/1/2019		9		27	75.8	527	1,731
4/1/2019	93	421	2,311	93	4/1/2019		6		28	75.4	526	1,725
5/1/2019	99	320	2,314	93	5/1/2019		2		29	75.1	525	1,720
6/1/2019	58	225	1,920	93	6/1/2019		_		30	74.7	523	1,714
7/1/2019	93	349	2,006	93	7/1/2019		8		31	74.4	522	1,708
8/1/2019	97	445	2,384	93	8/1/2019		7		32	74.0	521	1,703
9/1/2019	83	471	2,384	93	9/1/2019		7		33	73.6	520	1,697
10/1/2019	103	500	2,376	93	10/1/2019		10		34	73.3	518	1,692
11/1/2019	100	467	2,432	93	11/1/2019		10		35	72.9	517	1,686
12/1/2019	104	483	2,408	93	12/1/2019		10		36	72.6	516	1,680
1/1/2020	92	490	2,174	95	1/1/2020		11		37	72.2	514	1,675
2/1/2020	75	392	2,223	95	2/1/2020		10		38	71.9	513	1,669
3/1/2020	99	461	2,011	94	3/1/2020		10		39	71.6	512	1,664
4/1/2020	88	419	2,312	94	4/1/2020		10		40	71.2	511	1,658
5/1/2020	83	433	2,269	92	5/1/2020		10		41	70.9	509	1,653
6/1/2020	68	368	1,446	92	6/1/2020		9		42	70.5	508	1,648
7/1/2020	72	441	1,913	92	7/1/2020		10		43	70.2	507	1,642
8/1/2020	79	472	2,155	92	8/1/2020		10		44	69.9	505	1,637
9/1/2020	79	439	2,106	92	9/1/2020		7		45	69.5	504	1,631
10/1/2020	70	415	1,102	92	10/1/2020		5		46	69.2	503	1,626
11/1/2020	84	437	823	92	11/1/2020		7		47	68.9	502	1,621
	76	399	860	92	12/1/2020		9		48		500	
12/1/2020										68.5		1,615
1/1/2021	62	368	615	93	1/1/2021		8		49	68.2	499	1,610
2/1/2021	37	297	266	93	2/1/2021		8		50	67.9	498	1,605
3/1/2021	62	392	731	93	3/1/2021		9		51	67.6	497	1,599
4/1/2021	45	268	1,128	93	4/1/2021		3		52	67.2	495	1,594
5/1/2021	57	320	1,101	93	5/1/2021		2		53	66.9	494	1,589
6/1/2021	56	321	1,862	93	6/1/2021		2		54	66.6	493	1,584
7/1/2021	45	327	1,623	113	7/1/2021		10		55	66.3	492	1,579
8/1/2021	55	353	2,043	113	8/1/2021		14		56	66.0	491	1,573
9/1/2021	44	346	1,775	113	9/1/2021		14		57	65.6	489	1,568
10/1/2021	54	380	2,064	111	10/1/2021		14		58	65.3	488	1,563
11/1/2021	53	346	1,948	110	11/1/2021		11		59	65.0	487	1,558
12/1/2021	58	385	1,837	109	12/1/2021		12		60	64.7	486	1,553
1/1/2021				109	1/1/2022		9		00	04.7	400	1,333
	42	322	1,815									
2/1/2022	31	260	1,472	108	2/1/2022		4					
3/1/2022	52	364	1,778	108	3/1/2022		11					
4/1/2022	73	355	1,770 (23/2022)	108 2 • 5 0 • 1 0 PM	4/1/2022		10					
3)-1720222	eu w Ima	iging. 34d/	<i>(23/2Q;</i> 32 ; 2	2:59:19 RM	5/1/2022		11					•



Exhibit D - Pool Allocations & Post Workover IP Rates

	OIL (bbls)	GAS (Mcf)	WATER (bbls)	POOL
5 yr Cum	5,157	26,290	113,316	[24420] 5
Allocated %	100%	78%	100%	[24130] Eunice; 7 RVRs-Queen, South
Daily IP Rate	2.8	14.4	62.0	7 NVN3-Queen, Jouth
5 yr Cum	0	7,506	0	[70240] [44.44
Allocated %	0%	22%	0%	[79240] Jalmat; Tansill-Yates-7 RVRs
Daily IP Rate	0.0	4.1	0.0	Talisiii-Tates-7 KVKs
Daily IP Rate	2.8	18.5	62.0	Commingled (Total)

30025088470000 FAE \$\frac{1}{2} \rightarrow \frac{1}{2} \rightarrow \frac{1}{2

Received by OCD: 9/26/2022 2:31:34 PM

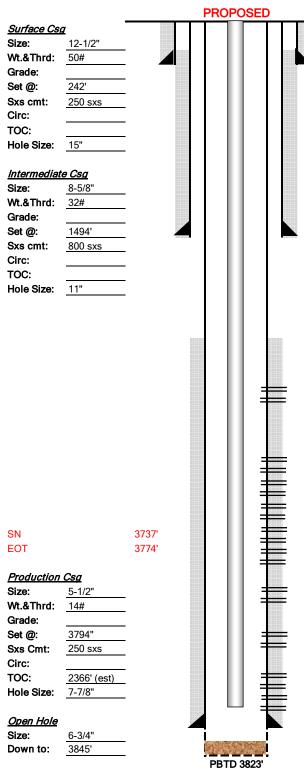
Log epth(ft)	SPUD_DATE: 11/28/1946 T22S R36E S9
3050 -	YATES
3100-	
3150-	
3200 -	
3250 -	YATES_7R-B2 7-RVRS C
3300 -	SEVEN-RIVERS
3350 -	7-RVRS_E
	7-RVRS_F
3400 -	
3450 -	
3500 -	7-RVRS_61
3550 -	7-RVRS_G5
3600 -	7-RVRS_G3 7-RVRS_G2
3650 -	QUEEN
3700 -	QUEEN-SB OILWIN TOP
3750 -	
	PENROSE_SD
3800 -	QUEEN_LOW1

STATE A A/C 2 38 TD: 3,845 ELEV_GR: 3,556

2000

API 14	SOURCE	STATUS	TOP PERF	BASE PERF
30025088470000	OCD	ACTIVE	3105	3135
30025088470000	OCD	ACTIVE	3160	3200
30025088470000	OCD	ACTIVE	3200	3340
30025088470000	OCD	ACTIVE	3510	3540
30025088470000	OCD	ACTIVE	3650	3715
30025088470000	OCD	ACTIVE	3735	3780
30025088470000	OCD	OPENHOLE	3794	3845

irea by o cb.	3/20/2022 2:01:01 11:1				
Well Name:	STATE A A/C 2 #03	38 API:	30-025-08847	Lease Type:	STATE
Location:	1980' FSL & 1980' FWL	T-R-Sec-Spot-Lot:	22S-36E-09-K	Lease No:	A-983
Formation(s): D	HC: [79240] JALMAT; TAN-YATES-7 RVI	Rs (GAS) & [24130] EUNICE; 7 F	RVRs-QUEEN, SOUTH	ounty/State:	Lea, NM
Surface Coa	PROP	OSED		VD. 2567!	



KB: 3567'
DF: 3565'
GL: 3555'
Spud Date: 11/28/1946
Compl. Date: 3/13/1947

<u> History - Highlights</u>

1947-03: D&C well; found salt water @ 3845'; Initial completion for gas

1953-04: Clean ou t to TD. Test perfed intervals. 3105-3200' tested no production. Perf 7 RVRs. Acidize 7 RVRs & select perfs. Set pkr & produce lower perfs.

1955-06: Add Perfs, Acidize & Frac YATES-Upr 7 RVRs; Shut-in Lwr 7 RVRs-QUEEN below pkr.

1989-01: Acidize JALMAT 1500 gals acid

1991-01: Pump change, Fill @ 3408'

1991-02: Pump change, Fill @ 3381'

2004-06: Clean out fill to pkr. Attempt to pull pkr. Unable to pull pkr. Set CIBP above pkr. Perf TANSILL-YATES-7 RVRs. Acidize & frac same. RTP.

PROPOSED: Clean out to CIBP. DO CIBP. Pull pkr. Clean out to PBTD. Acidize Perfs & Open Hole. RTP.

3038-3052' (4 SPF) - Jun 2004

Acidize 3038-3406' w/ 1500 gals 15% HCL acid & flush w/ 52 bbls 2% KCL wtr; Foam Frac 3038-3406' w/ 60,000 gals wtr 70% CO2 foam, 30,000# 20/40 & 270,000# 12/20 sand

YATES (Top @ 3105')

3105-3135' (3 SPF) - Mar 1947

Acidize 3038-3135' w/ 3000 gals 15% NEFE HCL acid, 1000# rocksalt, & flush w/ 25 bbls 2% KCL wtr

3160-3200' (3 SPF) - Mar 1947

Acidize 3160-3406' w/ 3000 gals 15% NEFE HCL acid, 1000# rocksalt, & flush w/ 25 bbls 2% KCL wtr

SEVEN RIVERS (Top @ 3290')

3200-3340' (4 SPF) - Jun 1955

Acidized 3105-3340' w/ 500 gals mud acid; Frac w/ 10,000 gals oil & 20,000# sar 3380-3390', 3400-3406' (4 SPF) - Jun 2004

3510-3540' (3 SPF) - Mar 1947 [ISOLATED]

Acidized 3105-3540' w/ 500 gals mud acid; Acidized 3105-3540' w/ 500 gals 15% acid; Acidize 3510-3540' w/ 1500 gals 15% acid; Acidize 3510-3780' w/ 5000 gals 15% NEFE HCL acid, 1500# rocksalt, & flush w/ 500 bbls 2% KCL

QUEEN (Top @ 3640') [ISOLATED]

3650-3715' (4 SPF) - Apr 1953

Acidize w/ 1500 gals 15% acid

3735-3780' (3 SPF) - Mar 1947

Acidized 3105-3780' w/ 500 gals mud acid; Acidized w/ 500 gals 15% acid Acidize w/ 2500 gals 15% NEFE HCL acid, 1000# rocksalt & flush w/ 250 bbls 2% KCL wtr.

ubulars - Capacities and Performance	
2-3/8" 4.7# 8rd EUE Tubing (~119 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug)	

TD 3845'

Well Name:	STATE A A/C 2 #038	API:	30-025-08847	Lease Type:	STATE
Location:	1980' FSL & 1980' FWL	T-R-Sec-Spot-Lot:	22S-36E-09-K	Lease No:	A-983
Formation(s):	[79240] JALMAT; TAN-YATES-7 RVRs (C	GAS)		ounty/State:	Lea, NM
	CURRE	NT			
Surface Csg Size: Wt.&Thrd: Grade: Set @: Sxs cmt: Circ:	12-1/2" 50# 242' 250 sxs			KB: 3567' DF: 3565' GL: 3555' Otte: 11/28/1946 Otte: 3/13/1947	
Sxs cmt:	15" 9 Csg 8-5/8" 32# 1494' 800 sxs		History - Highlights 1947-03: D&C well; found salt water @ 3845'; Inicompletion for gas 1953-04: Clean out to TD. Test perfed intervals. tested no production. Perf 7 RVRs. Acidize 7 RV perfs. Set pkr & produce lower perfs. 1955-06: Add Perfs, Acidize & Frac YATES-Upr Shut-in Lwr 7 RVRs-QUEEN below pkr. 1989-01: Acidize JALMAT 1500 gals acid 1991-01: Pump change, Fill @ 3408' 1991-02: Pump change, Fill @ 3381' 2004-06: Clean out fill to pkr. Attempt to pull pkr. pull pkr. Set CIBP above pkr. Perf TANSILL-YAT RVRs. Acidize & frac same. RTP.		
			All info fron	n OCD well files ONL	Y

Hole Size:	15"	•				1947-03: D&C well; found salt water @ 3845'; Initial completion for gas
Intermediat Size: Wt.&Thrd:	8-5/8" 32#					1953-04: Clean ou t to TD. Test perfed intervals. 3105-3200' tested no production. Perf 7 RVRs. Acidize 7 RVRs & select perfs. Set pkr & produce lower perfs.
Grade: Set @:	1494'					1955-06: Add Perfs, Acidize & Frac YATES-Upr 7 RVRs; Shut-in Lwr 7 RVRs-QUEEN below pkr.
Sxs cmt: Circ:	800 sxs	•	Constitution of the Consti	and control of the soft		1989-01: Acidize JALMAT 1500 gals acid 1991-01: Pump change, Fill @ 3408'
TOC: Hole Size:	11"					1991-02: Pump change, Fill @ 3381' 2004-06: Clean out fill to pkr. Attempt to pull pkr. Unable to pull pkr. Set CIBP above pkr. Perf TANSILL-YATES-7 RVRs. Acidize & frac same. RTP.
						All info from OCD well files ONLY
					3038-3052' (4 SPF) - Jun	2004
					Acidize 3038-3406	6' w/ 1500 gals 15% HCL acid & flush w/ 52 bbls 2% KCL wtr; 3406' w/ 60,000 gals wtr 70% CO2 foam, 30,000# 20/40 &
EOT		3405'			YATES (Top @ 3105')	anu
CIBP		3409'			3105-3135' (3 SPF) - Mai	r 1947
Pkr w/ blank	ing plug	3440'			3160-3200' (3 SPF) - Mai	r 1947
					SEVEN RIVERS (Top @	<u>) 3290')</u>
<u>Production</u>					3200-3340' (4 SPF) - Jun	n 1955
Size: Wt.&Thrd:	5-1/2" 14#				Acidized 3105-334 3380-3390', 3400-3406' (40' w/ 500 gals mud acid; Frac w/ 10,000 gals oil & 20,000# sar [4 SPF] - Jun 2004
Grade:	270.41	=		\succeq	2510 2540L(2 0DE) M-	1047 HOOL ATED!
Set @: Sxs Cmt: Circ:	3794" 250 sxs					40' w/ 500 gals mud acid; Acidized 3105-3540' w/ 500 gals 3510-3540' w/ 1500 gals 15% acid
TOC:	2366' (est)				QUEEN (Top @ 3640') [-
Hole Size:	7-7/8"	•			3650-3715' (4 SPF) - Apr	
Hole Gize.	7 710	•			Acidize w/ 1500 ga	
Open Hole					3735-3780' (3 SPF) - Mai	
Size:	6-3/4"				, ,	80' w/ 500 gals mud acid; Acidized w/ 500 gals 15% acid
Down to:	3845'	•	PBTD 3	223'		g
			TD 384			
oulars - Capac	cities and Perf	ormance				
2 2/0" 4 7# 5	THE TABLE					

¹ API Number

<u>District I</u> 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

<u>District IV</u> 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

³ Pool Name

WELL LOCATION AND ACREAGE DEDICATION PLAT

² Pool Code

30-025-08847			79	9240	JALMAT; TANSILL-YATES-7 RVRS					
⁴ Property Code				⁵ Property Name				⁶ We	⁶ Well Number	
331161				STATE A A/C 2				#	#038	
⁷ OGRID No.			⁸ Operator Name				9 E	⁹ Elevation		
329326				FAE II OPERATING, LLC				3	3576'	
¹⁰ Surface Location										
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
K	09	22S	36E		1980	S	1980	W	LEA	
			" Bottom	Hole Locati	on If Differe	ent From Su	face			
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
K	09	22S	36E		1980	S	1980	W	LEA	
12 Dedicated Acres	13 Joint o	r Infill	Consolidation Code	15 Order No.		•	•			
160	٠,	V								

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			"OBED ATOD CEDTIFICATION
			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
			heretofere entered by the division.
			09/23/2022
			Signature Date
			Signature Date
			VANESSA NEAL
			Printed Name
			20
			vanessa@faenergyus.com E-mail Address
			Z IMM . I Golden
			*SURVEYOR CERTIFICATION
		SW/4	I hereby certify that the well location shown on this plat
		Sec 09 (160 acres)	was plotted from field notes of actual surveys made by
1000	 О		me or under my supervision, and that the same is true
1980'			and correct to the best of my belief.
			and correct to the oest of my oether.
			Date of Survey
			Signature and Seal of Professional Surveyor:
	1980'		
	198		
			Certificate Number
			IL

¹ API Number

<u>District I</u> 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

Phone: (505) 476-3460 Fax: (505) 476-3462

<u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505

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

³ Pool Name

WELL LOCATION AND ACREAGE DEDICATION PLAT

² Pool Code

30-025-08847		2	4130	EUNICE; 7 RVRS-QUEEN, SOUTH						
⁴ Property Code			1	⁵ Property Name				⁶ We	⁶ Well Number	
33116	1			STA	STATE A A/C 2				#038	
⁷ OGRID No.				8 Operator Name					⁹ Elevation	
329326				FAE II OPERATING, LLC					3576'	
	¹⁰ Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
K	09	22S	36E		1980	S	1980	W	LEA	
			" Bottom	Hole Locati	on If Differe	ent From Sur	face			
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
K	09	22S	36E		1980	S	1980	W	LEA	
12 Dedicated Acres	13 Joint o	r Infill	Consolidation Code	15 Order No.						
40 Y		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			"OPED ATOD CEDITIFICATION
			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
			09/23/2022
			Signature Date
			VANESSA NEAL
			Printed Name
			vanessa@faenergyus.com E-mail Address
			D Hall / Add ess
			18SURVEYOR CERTIFICATION
		NE/4 SW/4	I hereby certify that the well location shown on this plat
		Sec 09 (40 acres)	was plotted from field notes of actual surveys made by
	<u> </u>	, ,	me or under my supervision, and that the same is true
1980'	Ī		
			and correct to the best of my belief.
			Date of Survey
			Signature and Seal of Professional Surveyor:
	1980'		
	19		
			Certificate Number
			Schiller Hallon

<u>District I</u> 1625 N. French Drive, Hobbs, NM 88240

<u>District II</u> 811 S. First St., Artesia, NM 88210

<u>District III</u> 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

APPLICATION FOR	DOWNHOLE	COMMINGLING	

ALLECATION TILE
X Single Well
Establish Pre-Approved Pool
EXISTING WELLBORE
<u>X</u> YesNo

3.4 TFF . 1. /C 2			
SATE A A/C 2se		2S-36Ection-Township-Range	<u>LEA</u> County
		1 0	,
RID No. 329326 Property C	ode <u>331161</u> API No. <u>30</u> -	-025-08847 Lease Type:	Federal _ <u>X</u> _StateFe
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TANSILL-YATES-7 RVRS		EUNICE; 7 RVRS-QUEEN, SOUTH
Pool Code	79240		24130
Fop and Bottom of Pay Section Perforated or Open-Hole Interval)	3105-3540'		3540-3845'
Method of Production Flowing or Artificial Lift) Bottomhole Pressure Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the	ARTIFICAL LIFT		ARTIFICAL LIFT
pepth 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 stimates and supporting data.)	Date: SEE Rates: ATTACHED		Date: SEE Rates: ATTACHED
Fixed Allocation Percentage Note: If allocation is based upon something other	Oil Gas		Oil Gas
han current or past production, supporting data or explanation will be required.)	0 % 22 %		100 % 78 %
	ADDITIONA	AL DATA	
all working, royalty and overriding r			Yes X No
ot, have all working, royalty and over	riding royalty interest owners been	notified by certified mail?	Yes No
all produced fluids from all comming	gled zones compatible with each oth	er?	YesX No
l commingling decrease the value of	production?		Yes No_ <u>X</u> _
is well is on, or communitized with, ne United States Bureau of Land Man			Yes <u>X</u> No
OCD Reference Case No. applicable	to this well:		
achments: C-102 for each zone to be commingle Production curve for each zone for at For zones with no production history Data to support allocation method or Notification list of working, royalty a Any additional statements, data or do	t least one year. (If not available, att , estimated production rates and sup formula. and overriding royalty interests for u	tach explanation.) sporting data. uncommon interest cases.	
achments: C-102 for each zone to be commingle Production curve for each zone for at For zones with no production history Data to support allocation method or Notification list of working, royalty a	t least one year. (If not available, att , estimated production rates and sup formula. and overriding royalty interests for u	tach explanation.) porting data. uncommon interest cases. ungling.	
achments: C-102 for each zone to be commingle Production curve for each zone for at For zones with no production history Data to support allocation method or Notification list of working, royalty a Any additional statements, data or do	t least one year. (If not available, att, estimated production rates and sup formula. and overriding royalty interests for uncuments required to support commit	tach explanation.) porting data. uncommon interest cases. ungling.	II be required:
If application is to of other orders approving downhole of all operators within the proposed of that all operators within the proposed of the pr	t least one year. (If not available, att, estimated production rates and sup formula. and overriding royalty interests for use cuments required to support commit over the proposed PRE-APPROV of establish Pre-Approved Pools, the commingling within the proposed Pre-Approved Pools	tach explanation.) porting data. Incommon interest cases. Ingling. ED POOLS following additional information with the provided Pools	Il be required:
Achments: C-102 for each zone to be commingle Production curve for each zone for at For zones with no production history Data to support allocation method or Notification list of working, royalty a Any additional statements, data or do If application is to of other orders approving downhole of all operators within the proposed of that all operators within the proposed tomhole pressure data.	t least one year. (If not available, att, estimated production rates and sup formula. and overriding royalty interests for use cuments required to support commit over the establish Pre-Approved Pools, the commingling within the proposed P Pre-Approved Pools and Pre-Approved Pools are Pre-Approved Pools were provided Pools w	tach explanation.) porting data. Incommon interest cases. Ingling. IED POOLS following additional information will Pre-Approved Pools led notice of this application.	
C-102 for each zone to be commingled. Production curve for each zone for at For zones with no production history. Data to support allocation method or Notification list of working, royalty a Any additional statements, data or do If application is to of other orders approving downhole of all operators within the proposed of that all operators within the proposed comhole pressure data.	t least one year. (If not available, atter, estimated production rates and supformula. and overriding royalty interests for updates to support commits required to support commits required to support commits of establish Pre-Approved Pools, the commingling within the proposed Pre-Approved Pools and Pre-Approved Pools were provided to the support of the support of the proposed Pre-Approved Pools were provided above is true and complete to the	tach explanation.) porting data. Incommon interest cases. Ingling. FED POOLS following additional information will Pre-Approved Pools led notice of this application. The best of my knowledge and belief	

From: <u>Vanessa Neal</u>

To: McClure, Dean, EMNRD

Subject: [EXTERNAL] DHC - Proof of SLO Mailing & Additional Documentation

Date: Tuesday, September 27, 2022 1:14:07 PM

Attachments: <u>image001.png</u>

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

Hi Dean,

We have mailed the following downhole commingle (DHC) packets to the SLO via USPS certified mail.

Tracking number: 7019 2970 0000 5754 3902

PO Number	Well	API	DHC C-107a
I1ANQ-220830-C-	State A A/C 3 COM A		[79240] Jalmat & [24130] South
107A	#004	30-025-09300	Eunice
VQ72V-220830-C-			[79240] Jalmat & [37240] Langlie
107A	State A A/C 1 #055	30-025-09293	Mattix
3JAIF-220901-C-			[79240] Jalmat & [37240] Langlie
107A	State A A/C 1 #103	30-025-20493	Mattix
IVHCM-220926-C-			[79240] Jalmat & [24130] South
107A	State A A/C 2 #038	30-025-08847	Eunice

It also seems I attached the wrong documentation to PO Number 3JAIF-220901-C-107A. I have attached the correct documentation for PO Number 3JAIF-220901-C-107A to this email.

Please let me know if you are missing anything or need additional information.

Thank you!

Vanessa Neal | Sr Reservoir Engineer

forty acres energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

O 832.219.0990 (ext 165)

C <u>979.255.3476</u>

E <u>vanessa@faenergyus.com</u>

From: McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD

To: <u>Vanessa Neal</u>

Cc: McClure, Dean, EMNRD; Kautz, Paul, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD;

<u>lisa@rwbyram.com</u>; <u>Dawson, Scott</u>

Subject:Approved Administrative Order DHC-5241Date:Wednesday, November 23, 2022 2:33:41 PM

Attachments: DHC5241 Order.pdf

NMOCD has issued Administrative Order DHC-5241 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

Well API: State A A/C 2 #38
Well API: 30-025-08847

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

From: <u>Vanessa Neal</u>

To: McClure, Dean, EMNRD

Subject: [EXTERNAL] RE: downhole commingling application DHC-5241

Date: Friday, November 18, 2022 10:36:43 AM

Attachments: image001.png

C-107a DHC STATE A AC 2 #038 2022-11-18.pdf

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

Attached is the amended Form C-107A with the pool intervals corrected.

Thank you,

Vanessa Neal | Sr Reservoir Engineer

forty acres energy

O 832.219.0990 (ext 165)

C <u>979.255.3476</u>

From: McClure, Dean, EMNRD < Dean. McClure@emnrd.nm.gov>

Sent: Friday, November 18, 2022 11:07 AM **To:** Vanessa Neal <vanessa@faenergyus.com>

Subject: downhole commingling application DHC-5241

Ms. Neal,

I am reviewing downhole commingling application DHC-5241 which involves the commingling of 2 pools within the well bore of the State A A/C 2 #38 (30-025-08847) and is operated by FAE II Operating, LLC (329326).

Please provide me with an amended Form C-107A with the pool intervals corrected.

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-5241

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

Order No. DHC-5241 Page 1 of 3

- 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. 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.
- 6. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 7. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

Order No. DHC-5241 Page 2 of 3

- 8. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
- 9. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

DATE: 11/23/2022

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

ADRIENNE E. SANDOVAL DIRECTOR

Order No. DHC-5241 Page 3 of 3

Bottom: 3,540

State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: DHC-5241

Operator: FAE II Operating, LLC (329326)

Well Name: State A A/C 2 #38 Well API: 30-025-08847

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

Upper Zone Pool ID: 79240 Current: X New:
Allocation: Fixed Percent Oil: 0% Gas: 22%

Interval: Perforations

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:

Pool Name: EUNICE; SEVEN RIVERS-QUEEN, SOUTH

Lower Zone Pool ID: 24130 Current: New: X
Allocation: Fixed Percent Oil: 100% Gas: 78%

Interval: Top: 3,540 Bottom: 3,845

Top: 3,105

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

Top of Queen Formation: 3,640

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

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 146269

CONDITIONS

Operator:	OGRID:	
FAE II Operating LLC	329326	
11757 Katy Freeway, Suite 725	Action Number:	
Houston, TX 77079	146269	
	Action Type:	
	[C-107] Down Hole Commingle (C-107A)	

CONDITIONS

Cre	ated By	Condition	Condition Date
dr	ncclure	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