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	IS CHECKLIST IS		VE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES A SSING AT THE DIVISION LEVEL IN SANTA FE	AND REGULATIONS
Applic	DHC-Do PC-l	ms: tandard Location] [NSP-Non-S wnhole Commingling] [CTB- Pool Commingling] [OLS - Of [WFX-Waterflood Expansion] [SWD-Salt Water Dispos	tandard Proration Unit] [SD-Simultaneous De	ningling] nent]
[1]	TYPE OF A	APPLICATION - Check Those Location - Spacing Unit - S NSL NSP	imultaneous Dedication	
	Che [B]	ck One Only for [B] or [C] Commingling - Storage - M DHC CTB	Ieasurement PLC PC OLS OLM	
	[C]		ure Increase - Enhanced Oil Recovery SWD	
	[D]	Other: Specify		
[2]	NOTIFICA [A]		eck Those Which Apply, or □ Does Not Apply Overriding Royalty Interest Owners	
	[B]	Offset Operators, Leas	eholders or Surface Owner	
	[C]	Application is One Wh	nich Requires Published Legal Notice	
	[D]	Notification and/or Co.	ncurrent Approval by BLM or SLO - Commissioner of Public Lands, State Land Office	
	[E]	For all of the above, Pr	roof of Notification or Publication is Attached, a	nd/or,
	[F]	☐ Waivers are Attached		
[3]		CCURATE AND COMPLET CATION INDICATED ABOV	TE INFORMATION REQUIRED TO PROCE TE.	ESS THE TYPE
	al is accurat	and complete to the best of my	he information submitted with this application for knowledge. I also understand that no action we cations are submitted to the Division.	
	Not	e: Statement must be completed by	an individual with managerial and/or supervisory capac	ity.
Vanes	sa Neal	Signature	Sr Reservoir Engineer	02 May 2022
Print or	r Type Name	Signature	Title	Date
			vanessa@faenergyus.com	1
			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 1220 South St. Francis Dr.

Form C-107A Revised August 1, 2011

APPLICATION TYPE

X_Single Well

ols

APPL

Santa Fe, New Mexico 87505	Establish Pre-Approved Poo
	EXISTING WELLBORE
ICATION FOR DOWNHOLE COMMINGLING	X Yes No

FAE II Operating LLC Operator	11757 Katy	Freewa Addre		ouston, TX 77079			
1							
STATE A A/C 1 Lease	#015 Well No. Unit l		23S-36E ction-Township-F	Range		LEA County	
OGRID No. 329326 Property C			•		Federal	X_State	Fee
DATA ELEMENT	UPPER ZONE		INTERM	EDIATE ZONE	I	LOWER ZO	NE
Pool Name	JALMAT; TANSILL-YAT RVRS	ES-7			LANGI	LIE MATTIX; 7 GRAYBURG	
Pool Code	79240					37240	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2897'-3700'					3700'-3760'	
Method of Production (Flowing or Artificial Lift)	ARTIFICAL LIFT					ARTIFICAL LI	FT
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				3	35 API / 1.189 B	STU
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 ATTACH	IED
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 0 % 60	%			Oil 100	Ga % 4	s 40 %
	ADDI	TION	AL DATA				
Are all working, royalty and overriding re If not, have all working, royalty and over Are all produced fluids from all comming	riding royalty interest owne	ers been	notified by cert	ified mail?	Y		No
Will commingling decrease the value of	-	cuen on				/es N	
If this well is on, or communitized with, or the United States Bureau of Land Man	state or federal lands, has ei						
NMOCD Reference Case No. applicable	_						
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 avail, estimated production rates formula. Ind overriding royalty interests.)	lable, at and sup ests for u	tach explanation porting data. uncommon inter				
	PRE-AP	PROV	ED POOLS				
If application is to	establish Pre-Approved Po	ols, the	following addit	ional information wil	ll be require	d:	
List of other orders approving downhole List of all operators within the proposed Proof that all operators within the propos Bottomhole pressure data.	Pre-Approved Pools	-					
I hereby certify that the information	tbove is true and complet	te to the	e best of my k	nowledge and belie	ef.		
SIGNATURE	TITL	.E <u> S</u>	r Reservoir En	ngineer	DATE	02 May 2022	2
TYPE OR PRINT NAME Vanes	ssa Neal		TELE	EPHONE NO. (<u>83</u>	2) 219-0	990	
E-MAIL ADDRESS vanessa@faer	nergyus.com						

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



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 #015

API: 30-025-09254

[79240] Jalmat; Tansill-Yates-7 RVRS (Gas) [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





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 #015

API: 30-025-09254

[79240] Jalmat; Tansill-Yates-7 RVRS (Gas) [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: F-04-23S-36E 1980 FNL 1980 FWL

Lat/Long: 32.3355789,-103.2722473 NAD83

The well is currently producing from the [79240] Jalmat; Tansill-Yates-7 RVRS (Gas) 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 #015** 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.

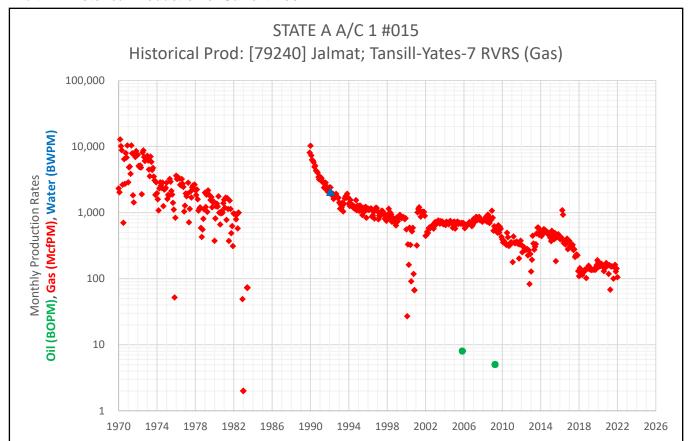
Respectfully,

Vanessa Neal

Sr Reservoir Engineer



Exhibit A - Historical Production of Current Pool



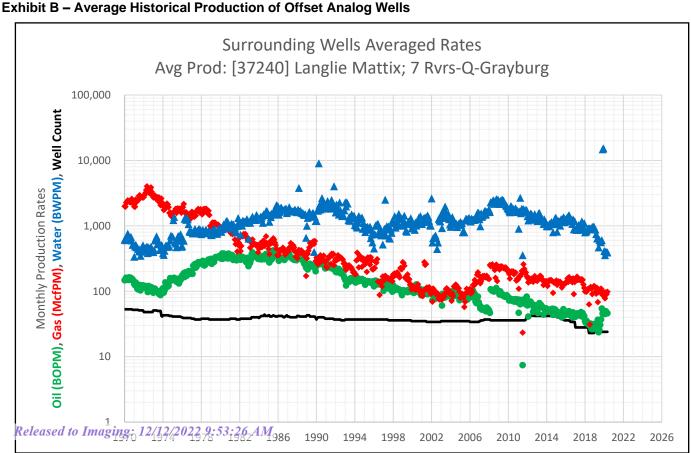




Exhibit C - Historical Production from Last 5 Years for Each Pool & Combined Future Forecast

Avg Pro		g Wells Avera anglie Mattix;	ged Rates 7 Rvrs-Q-Gray	yburg	Historical Pro
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date
9/1/2016	40	137	1,069	34	5/1/2016
10/1/2016	47	157	1,258	34	6/1/2016
11/1/2016	44	90	889	34	7/1/2016
12/1/2016	45	138	1,185	34	8/1/2016
1/1/2017	41	155	878	28	9/1/2016
2/1/2017	45	155	917	28	10/1/2016
3/1/2017	45	167	867	28	11/1/2016
3/1/2017 4/1/2017	48	149	900	28 28	
5/1/2017	45 45	151		28	12/1/2016 1/1/2017
6/1/2017	43	150	1,031 1,016	28	2/1/2017
7/1/2017	43	150	910	28	3/1/2017
8/1/2017	44	146	935	28	4/1/2017
9/1/2017	41	153	1,175	28	5/1/2017
10/1/2017	46	149	870	28	6/1/2017
11/1/2017	40	126	927	28	7/1/2017
12/1/2017	42	112	1,097	28	8/1/2017
1/1/2017	35	99	795	28	9/1/2017
2/1/2018	33	107	840	28	10/1/2017
3/1/2018	35	99	823	28	11/1/2017
4/1/2018	33	103	877	28	12/1/2017
5/1/2018	32	109	909	28	1/1/2018
6/1/2018	30	63	917	23	2/1/2018
7/1/2018	32	31	906	23	3/1/2018
8/1/2018	32	117	906	23	4/1/2018
9/1/2018	27	109	894	23	5/1/2018
10/1/2018	26	90	966	23	6/1/2018
11/1/2018	28	115	942	23	7/1/2018
12/1/2018	31	120	979	23	8/1/2018
1/1/2019	32	119	901	24	9/1/2018
2/1/2019	28	98	877	24	10/1/2018
3/1/2019	30	92	748	24	11/1/2018
4/1/2019	26	113	641	24	12/1/2018
5/1/2019	37	68	654	24	1/1/2019
6/1/2019	24	97	469	24	2/1/2019
7/1/2019	26	105	609	24	3/1/2019
8/1/2019	31	99	576	24	4/1/2019
9/1/2019	37	110	560	24	5/1/2019
10/1/2019	54	102	603	24	6/1/2019
11/1/2019	45	87	14,805	24	7/1/2019
12/1/2019	49	93	15,311	24	8/1/2019
1/1/2020	50	97	413	24	9/1/2019
2/1/2020	45	78	356	24	10/1/2019
3/1/2020	50	96	405	24	11/1/2019
4/1/2020	47	90	391	24	12/1/2019
5/1/2020	46	98	393	24	1/1/2020
6/1/2020	36	80	313	24	2/1/2020
7/1/2020	41	83	324	24	3/1/2020
8/1/2020	41	86	457	24	4/1/2020
9/1/2020	34	86	309	24	5/1/2020
10/1/2020	38	79	278	24	6/1/2020
11/1/2020	39	92	270	24	7/1/2020
12/1/2020	39	75	278	24	8/1/2020
1/1/2021	43	73	253	24	9/1/2020
2/1/2021	24	53	161	24	10/1/2020
3/1/2021	31	49	209	24	11/1/2020
4/1/2021	34	66	170	24	12/1/2020
5/1/2021	39	128	205	24	1/1/2021
6/1/2021	23	118	159	24	2/1/2021
7/1/2021	28	89	191	28	3/1/2021
8/1/2021	30	123	186	29	4/1/2021
9/1/2021	29	91	201	29	5/1/2021
10/1/2021	21	99	215	29	6/1/2021
11/1/2021	37	83	312	31	7/1/2021
12/1/2021 Release	ed to Ima	ging: 12/	12/2022 ₀ 9	:53:26 AM	8/1/2021
, ,					9/1/2021
2/1/2022	2	53	2	6	10/1/2021

Historical Pro	od: [79240] J	A/C 1 #015 almat; Tansill- Gas)	Yates-7 RVR
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
5/1/2016		928	
6/1/2016 7/1/2016		344 371	
8/1/2016		329	
9/1/2016		350	
10/1/2016		403	
11/1/2016		279	
12/1/2016		378	
1/1/2017		370	
2/1/2017		307	
3/1/2017		324	
4/1/2017		312	
5/1/2017		325	
6/1/2017		271	
7/1/2017		278	
8/1/2017		213	
9/1/2017		226 232	
10/1/2017 11/1/2017		232	
12/1/2017		130	
1/1/2018		109	
2/1/2018		144	
3/1/2018		126	
4/1/2018		121	
5/1/2018		114	
6/1/2018		124	
7/1/2018		126	
8/1/2018		136	
9/1/2018		136	
10/1/2018		102	
11/1/2018		140	
12/1/2018		148	
1/1/2019 2/1/2019		157	
3/1/2019		139 146	
4/1/2019		136	
5/1/2019		136	
6/1/2019		-	
7/1/2019		137	
8/1/2019		140	
9/1/2019		136	
10/1/2019		138	
11/1/2019		160	
12/1/2019		190	
1/1/2020		178	
2/1/2020		152	
3/1/2020		170	
4/1/2020 5/1/2020		156 168	
6/1/2020		154	
7/1/2020		153	
8/1/2020		130	
9/1/2020		152	
10/1/2020		147	
11/1/2020		172	
12/1/2020		162	
1/1/2021		159	
2/1/2021		118	
3/1/2021		160	
4/1/2021		68	
5/1/2021		153	
6/1/2021		153	
7/1/2021 8/1/2021		100	
8/1/2021 9/1/2021		100 149	
10/1/2021		162	
±0/ 1/ 2UZI			

162

	Synthetic D	ecline Curve	
Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1	36.8	262	1,119
2	36.6	262	1,115
3	36.4	261	1,112
4	36.3	260	1,108
5 6	36.1	260	1,104
7	35.9 35.7	259 258	1,101 1,097
8	35.7	258	1,097
9	35.4	257	1,090
10	35.2	256	1,086
11	35.1	256	1,083
12	34.9	255	1,079
13	34.7	255	1,076
14	34.6	254	1,072
15	34.4	253	1,069
16	34.2	253	1,065
17	34.1	252	1,062
18	33.9	251	1,058
19 20	33.8 33.6	251 250	1,055 1,051
20	33.4	230	1,031
22	33.4	249	1,048
23	33.1	248	1,041
24	33.0	248	1,037
25	32.8	247	1,034
26	32.6	246	1,031
27	32.5	246	1,027
28	32.3	245	1,024
29	32.2	245	1,020
30	32.0	244	1,017
31 32	31.9 31.7	243 243	1,014 1,010
33	31.6	243	1,010
34	31.4	242	1,004
35	31.3	241	1,000
36	31.1	240	997
37	31.0	240	994
38	30.8	239	991
39	30.7	239	987
40	30.5	238	984
41	30.4	237	981
42 43	30.2	237	978 974
43 44	30.1 29.9	236 236	974 971
45	29.8	235	968
46	29.7	234	965
47	29.5	234	962
48	29.4	233	959
49	29.2	233	955
50	29.1	232	952
51	29.0	231	949
52	28.8	231	946
53	28.7	230	943
54	28.5	230	940
55 56	28.4 28.3	229	937
56 57	28.3 28.1	229 228	934 931
58	28.0	227	928
59	27.9	227	924
60	27.7	226	921

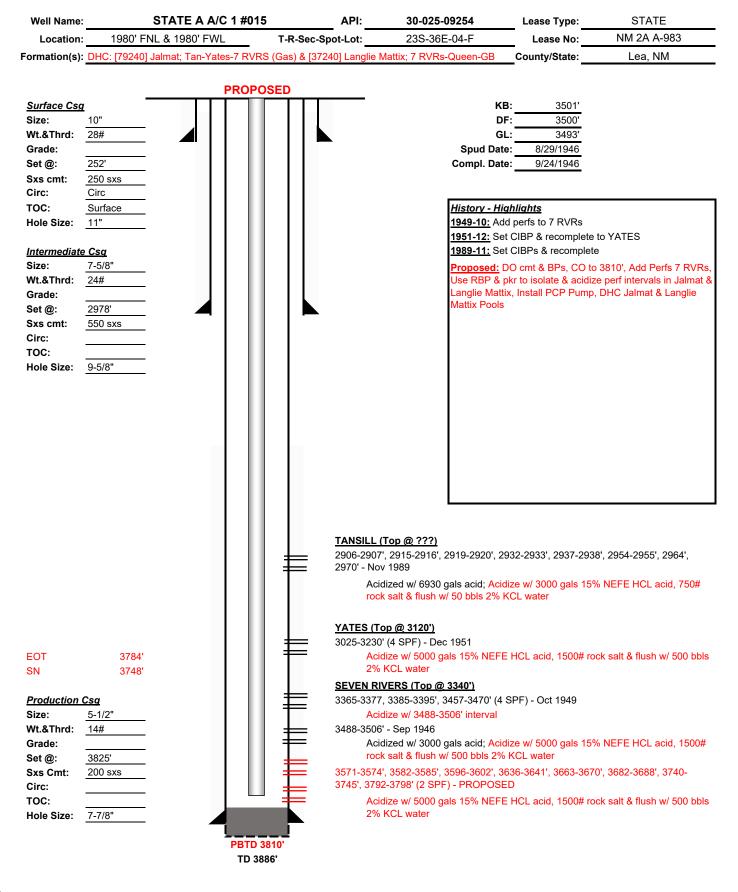


Exhibit D - Pool Allocations & Post Workover IP Rates

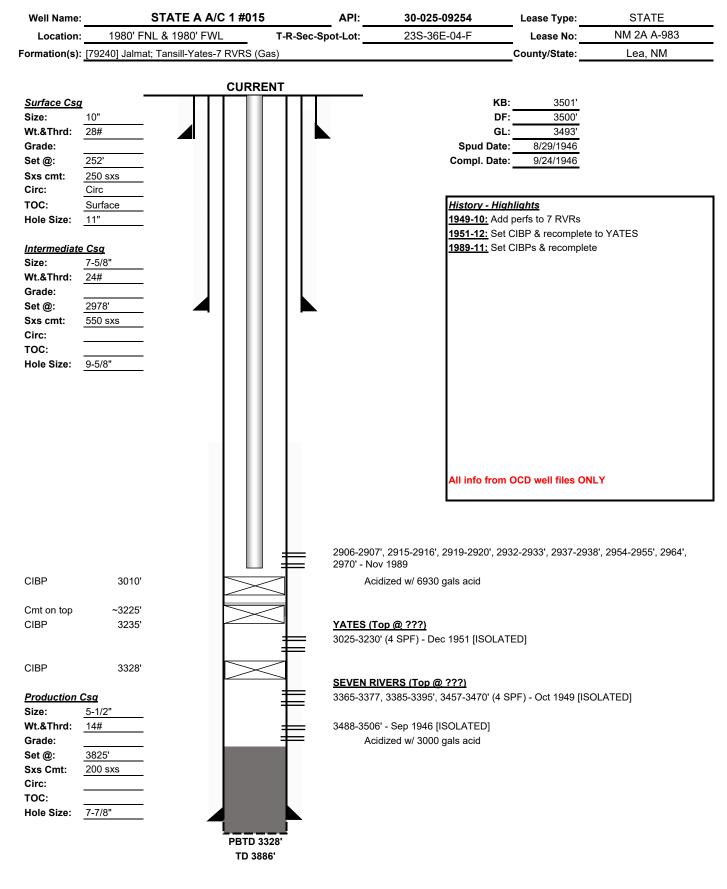
	OIL (bbls)	GAS (Mcf)	WATER (bbls)	POOL
5 yr Cum	2,211	6,266	67,244	
Allocated %	100%	40%	100%	[37240] Langlie Mattix; 7 Rvrs-Q-Grayburg
Daily IP Rate	1.2	3.4	36.8	7 KVI3 Q GIUYDUIG
5 yr Cum	0	9,475	0	
Allocated %	0%	60%	0%	[79240] Jalmat; Tansill- Yates-7 RVRS (Gas)
Daily IP Rate	0.0	5.2	0.0	Tates / NVNS (Gas)
Daily IP Rate	1.2	8.6	36.8	Commingled (Total)

	30025092540000 FAE
Log epth(ft) 2800-	STATE A A/C 1 15 SPUD_DATE: 8/29/1946 T23S R36E S4
2850 -	
2900 -	
2950 -	
3000 -	TANSIL
3050 -	
3100 -	YATES
3150 -	
3200 -	
3250 -	YATES_7R-B2
3300 -	7-RVRS_C
3350 -	SEVEN-RIVERS
3400 -	7-RVRS_E
3450 -	TCS ALD
3500 -	7-RVRS_F
3550 -	
3600 -	
3650 -	7-RVRS_FP 7-RVRS_G
3700 -	7-RVRS_G5
3750 -	
3800 -	7-RVRS_G3 7-RVRS_G2 STATE A A/C 1 15
2250_	TD: 3,826

API 14	SOURCE	STATUS	TOP PERF	BASE PERF	INTERVAL
30025092540000.00	OCD	ACTIVE	2906	2970	
30025092540000.00	OCD	BRIDGEPLUG	3010	3020	
30025092540000.00	OCD	INACTIVE	3025	3230	
30025092540000.00	OCD	BRIDGEPLUG	3235	3240	
30025092540000.00	OCD	BRIDGEPLUG	3328	3340	
30025092540000.00	OCD	INACTIVE	3365	3377	
30025092540000.00	OCD	INACTIVE	3385	3395	
30025092540000.00	OCD	INACTIVE	3457	3470	
30025092540000.00	OCD	INACTIVE	3488	3506	
30025092540000.00	OCD	SQUEEZED	3510	3826	
30025092540000.00	CJH	PROPOSED	3571	3574	3
30025092540000.00	CJH	PROPOSED	3582	3585	3
30025092540000.00	CJH	PROPOSED	3596	3602	6
30025092540000.00	CJH	PROPOSED	3636	3641	5
30025092540000.00	CJH	PROPOSED	3663	3670	
30025092540000.00	CJH	PROPOSED	3682	3688	6
30025092540000.00	CJH	PROPOSED	3740	3745	5
30025092540000.00	CJH	PROPOSED	3792	3798	6
				SUM	41



Tubulars - Capacities and Performance
2-3/8" 4.7# J-55 Tubing (~116 jts 2-3/8" tubing, SN, 4' perf sub, MA w/ bull plug)



Tubulars - Capacities and Performance
2-3/8" 4.7# EUE Tubing

<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

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

¹ API Number

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-	-025-092	54 79240 JALMAT; TANSILL-YATES-7 RVF				7 RVRS (GAS)	RS (GAS)			
⁴ Property	Code		⁵ Property Name				⁶ We	⁶ Well Number		
33116	2			ST	ATE A A/C 1			#	#015	
⁷ OGRID	No.			8	Operator Name			9 E	levation	
32932	6			FAE II C	OPERATING,	LLC		3	3493'	
<u>'</u>				10 Sur	face Location	n		•		
UL - Lot	UL - Lot Section Township Range			Lot Idn	Lot Idn Feet from N/S Line Feet From	Feet From	E/W Line	County		
F	04	23S	36E		1980	N	1980	W	LEA	
			11 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	
F	04	23S	36E		1980	N	1980	W	LEA	
12 Dedicated Acres	13 Joint o	r Infill	Consolidation Code	15 Order No.						
160	1	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.

I hereby cerify that the information constained hereon is true and complete to the best of my howledge and bodie, and that this cognitation either coves a working interest or unleased mineral interest in the land including the proposed bottom hold location on his a right to drill this well at this location parsum to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a computory pooling order horteriof eithered by the available. 1980' NW/4 Sec 04 (160 acres) **SURVEYOR CERTIFICATION** I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	16			¹⁷ OPERATOR CERTIFICATION
he best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interests in the lend including the proposed bound bole location has a right to drill the wild at this tocation pursuant to a contract with an owner of such a mineral or working interest, or to a voluntury pooling gender heroughed entered by the dysical. 1980' NW/4 See 04 (160 acres) Date VANESSA NEAL Printed Name vanessa@figenergyus.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:				
NW/4 Sec 04 (160 acres) **SURVEYOR CERTIFICATION** I hereby certify that the well tocation shows and that the same is true and correct to the best of my belief. **Date of Survey** Signature and Seal of Professional Surveyor:				
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 heretify entered by the densely. OS/02/2022				
pursuant to a contract with an owner of such a mineral or working interest, or to a wolumary pooling agreement or a computary pooling arder heretofyl entered by the avest. 1980' NW/4 Sec 04 (160 acres) BURVEYOR 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:				
NW/4 Sec 04 (160 acres) Survey 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 Date				1 1
NW/4 Sec 04 (160 acres) Survey 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 Date		08		
NW/4 Sec 04 (160 acres) Survey 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 Date		199		
NW/4 Sec 04 (160 acres) Surveyor 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:				
NW/4 Sec 04 (160 acres) **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:				05/02/2022
NW/4 Sec 04 (160 acres) **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 Date
Printed Name vanessa@finenergyus.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:				, ,
NW/4 Sec 04 (160 acres) **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:				
NW/4 Sec 04 (160 acres) SURVEYOR CERTIFICATION				Printed Name
NW/4 Sec 04 (160 acres) **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:	1980'			vanesca@faenergans.com
Sec 04 (160 acres) **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			NIXI//	
**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				
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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:				*SURVEYOR CERTIFICATION
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:				
and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor:				was plotted from field notes of actual surveys made by
and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyor:				me or under my supervision, and that the same is true
Date of Survey Signature and Seal of Professional Surveyor:				and correct to the best of my belief
Signature and Seal of Professional Surveyor:				and correct to the oest of my oether.
Signature and Seal of Professional Surveyor:				
Certificate Number				Signature and Seal of Professional Surveyor:
Certificate Number				
				Certificate 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

40

¹ API Number

Y

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

² Pool Code

30-025-09254 372			7240		LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG					
⁴ Property (Code		•	5]	⁵ Property Name			⁶ We	⁶ Well Number	
33116	2			STA	STATE A A/C 1			7	#015	
⁷ OGRID	No.	⁸ Operator Name				9 E	⁹ Elevation			
32932	6	FAE II OPERATING, LLC				3	3493'			
¹⁰ Surface Location										
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
F	04	23S	36E		1980	N	1980	W	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	
F	04	23S	36E	ì	1980	N	1980	W	LEA	
12 Dedicated Acres	13 Joint o	r Infill 14	Consolidation Code	15 Order No.						

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

16			¹⁷ OPERATOR CERTIFICATION
			I hereby certify that the information contained herein is true and complete to
			the best of my knowledge and belief, and that this organization either owns a
			working interest or unleased mineral interest in the land including the
			proposed bottom hole location or has a right to drill this well at this location
			pursuant to a contract with an owner of such a mineral or working interest,
	1980'		or to a voluntary pooling agreement or a compulsory pooling order
	19		heretofore entered by the division.
			05/02/2022
			05/02/2022
			Signature Date
			VANESSA NEAL
			Printed Name
1980'	0		
1700			vanessa@faenergyus.com
			E-mail Address
			CLIDATELION CEDITICIONI
			18SURVEYOR CERTIFICATION
		SE/4 NW/4	I hereby certify that the well location shown on this plat
		Sec 04 (40 acres)	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.
			and the country of the
			Date of Survey
			Signature and Seal of Professional Surveyor:
			Signature and Sear of Professional Surveyor.
			Certificate Number

<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

X_Single Well

Establish Pre-Approved Pools
EXISTING WELLBORE X Yes

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating LLC	11757 Katy Freewa	av, Suite 725 Houston, TX 77079	
erator	Addre	ess	
ΓΑΤΕ A A/C 1		23S-36Ecction-Township-Range	LEA_ County
GRID No. <u>329326</u> Property C	ode <u>331162</u> API No. <u>30</u>	-025-09254 Lease Type: _	FederalX_StateFe
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TANSILL-YATES-7 RVRS		LANGLIE MATTIX; 7 RVRS-0 GRAYBURG
Pool Code	79240		37240
Top and Bottom of Pay Section Perforated or Open-Hole Interval)	2906'-3745'		3792'-3798'
Method of Production (Flowing or Artificial Lift)	ARTIFICAL LIFT		ARTIFICAL LIFT
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, upplicant 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 han current or past production, supporting data or explanation will be required.)	Oil Gas 0 % 60 %		Oil Gas 100 % 40
	ADDITION	AL DATA	
all working, royalty and overriding rot, have all working, royalty and over			Yes X No No No
all produced fluids from all comming	gled zones compatible with each otl	ner?	Yes <u>X</u> No
l commingling decrease the value of	production?		Yes No_X
nis well is on, or communitized with, he United States Bureau of Land Mar	nagement been notified in writing of	f this application?	YesX No
IOCD Reference Case No. applicable 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	ed showing its spacing unit and acre least one year. (If not available, at sestimated production rates and sup- formula.	eage dedication. tach explanation.) porting data. uncommon interest cases.	
	PRE-APPROV	VED POOLS	
If application is to	establish Pre-Approved Pools, the	following additional information wil	l be required:
t of other orders approving downhole t of all operators within the proposed of that all operators within the proposed tomhole pressure data.	Pre-Approved Pools		
ereby certify that the information	above is true and complete to the	e best of my knowledge and belie	f.
GNATURE // //	U	r Reservoir Engineer	

_TELEPHONE NO. (<u>832</u>)_219-0990

E-MAIL ADDRESS <u>vanessa@faenergyus.com</u>

Vanessa Neal

TYPE OR PRINT NAME_

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



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 #015

API: 30-025-09254

[79240] Jalmat; Tansill-Yates-7 RVRS (Gas) [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 8107

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

To: <u>Vanessa Neal</u>

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

lisa@rwbyram.com; Dawson, Scott

Subject: Approved Administrative Order DHC-5239

Date: Monday, December 12, 2022 9:42:21 AM

Attachments: DHC5239 Order.pdf

NMOCD has issued Administrative Order DHC-5239 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

Well Name: State A A/C 1 #15
Well API: 30-025-09254

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: Kautz, Paul, EMNRD

To: <u>Vanessa Neal</u>; <u>McClure, Dean, EMNRD</u>

Subject: RE: [EXTERNAL] RE: downhole commingling application DHC-5239

Date: Monday, November 28, 2022 10:16:48 AM

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

The closest logs I have with the top of the top of the Queen are at least 3 miles east and another one 2 miles northeast of this well. Based on the thickness of the Yates and Seven Rivers the estimated depth of 3849 is close.

Paul Kautz

Petroleum Specialist

Hobbs Field Office Geologist

Energy Minerals Natural Resources Dept.

Oil Conservation Division

1625 N. French Dr.

Hobbs, NM 88240

Cell # 575-602-4493

From: Vanessa Neal <vanessa@faenergyus.com>

Sent: Monday, November 28, 2022 9:25 AM

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

Cc: Kautz, Paul, EMNRD <paul.kautz@emnrd.nm.gov>

Subject: RE: [EXTERNAL] RE: downhole commingling application DHC-5239

Hi Dean,

Correction for the Queen top - Estimated top of the Queen formation is 3849'.

Visible Queen formation tops only exist to the east of this well, and it is close to the Queen shelf edge. We've refined our maps in this area, and now believe the Queen formation top to be -349' sstvd, or 3849' MD.

I've attached an amended C-107A, the previously submitted WBD is correct.

Thank you,

Vanessa Neal | Sr Reservoir Engineer

forty acres energy

O 832.219.0990 (ext 165)

C 979.255.3476

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

Sent: Friday, November 18, 2022 11:47 AM **To:** Vanessa Neal < <u>vanessa@faenergyus.com</u>>

Cc: Kautz, Paul, EMNRD < paul.kautz@emnrd.nm.gov>

Subject: RE: [EXTERNAL] RE: downhole commingling application DHC-5239

Vanessa,

Have you been in contact with Paul regarding whether your proposed perforations include the Langlie Mattix rather than being contained entirely within the Jalmat?

Additionally, upon a second look at the application, it appears that I need either an amended form C-107A or an amended proposed WBD as the C-107A indicates the bottom perf to be at 3760 and the proposed WBD indicates the bottom perf to be at 3798

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: Vanessa Neal < <u>vanessa@faenergyus.com</u>>
Sent: Friday, November 18, 2022 10:29 AM

To: McClure, Dean, EMNRD < <u>Dean.McClure@emnrd.nm.gov</u>>

Subject: [EXTERNAL] RE: downhole commingling application DHC-5239

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

Estimated top of the Queen formation is 3900'.

Vanessa Neal | Sr Reservoir Engineer

forty acres energy

O 832.219.0990 (ext 165)

C 979.255.3476

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

Sent: Friday, November 18, 2022 10:29 AM **To:** Vanessa Neal < <u>vanessa@faenergyus.com</u>>

Subject: downhole commingling application DHC-5239

Ms. Neal,

I am reviewing downhole commingling application DHC-5239 which involves the commingling of 2 pools within the State A A/C 1 #15 (30-025-09254) and is operated by FAE II Operating, LLC (329326).

Please confirm the estimated top of the Queen formation for this well.

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-5239

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-5239 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. 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

Order No. DHC-5239 Page 2 of 3

- 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.

DATE: 12/08/2022

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

ADRIENNE E. SANDOVAL DIRECTOR

Order No. DHC-5239 Page 3 of 3

State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: DHC-5239

Operator: FAE II Operating, LLC (329326)

Well Name: State A A/C 1 #15 Well API: 30-025-09254

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

Upper Zone Pool ID: 79240 Current: X New:
Allocation: Fixed Percent Oil: 0% Gas: 60%

Interval: Perforations Top: 2,906 Bottom: 3,745

Pool Name:

Intermediate Zone Pool ID: Current: New: Allocation: Oil: Gas:

Interval: Top: Bottom:

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

Pool Name: LANGLIE MATTIX;7 RVRS-Q-GRAYBURG

Lower Zone Pool ID: 37240 Current: New: X
Allocation: Fixed Percent Oil: 100% Gas: 40%

Interval: Perforations Top: 3,792 Bottom: 3,798

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

Top of Queen Formation: 3,849

District I
1625 N. French Dr., Hobbs, NM 88240
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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 104754

CONDITIONS

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 725	Action Number:
Houston, TX 77079	104754
	Action Type:
	[C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By Condition	
dmcclure Please review the content of the Administrative Order and approved request(s) 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.	12/12/2022