SUSPENSE

ENGINEER

LOGGED IN

TYPE

APP NO.

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -





ADMINISTRATIVE APPLICATION CHECKLIST

THI	S CHECKLIST IS	S MANDAT		ATIVE APPLICATIONS FOR DCESSING AT THE DIVISIO	EXCEPTIONS TO DIVISION F N LEVEL IN SANTA FE	RULES AND REGULATIONS
Applica	[DHC-De	Standard ownhole Pool Co [WFX	l Location] [NSP-No Commingling] [CI mmingling] [OLS - -Waterflood Expansi [SWD-Salt Water Dis	n-Standard Proration FB-Lease Comminglir Off-Lease Storage] on] [PMX-Pressure posal] [IPI-Injection	Unit] [SD-Simultaneor lg] [PLC-Pool/Lease [OLM-Off-Lease Mease Maintenance Expansi n Pressure Increase]	Commingling] surement] on]
	_				PPR-Positive Production	on Kesponsej
[1]	TYPE OF [A]			ose Which Apply for - Simultaneous Dedic - SD		
	Ch [B]		Only for [B] or [C] mmingling - Storage DHC	- Measurement PLC PC	OLS OLM	
	[C]	Inje	ection - Disposal - Pro WFX PMX	essure Increase - Enha	nced Oil Recovery BOR PPR	
	[D]	Oth	ner: Specify			
[2]	NOTIFICA [A]			Check Those Which A or Overriding Royalty	pply, or □ Does Not Ap Interest Owners	pply
	[B]		Offset Operators, L	easeholders or Surface	e Owner	
	[C]		Application is One	Which Requires Publi	shed Legal Notice	
	[D]		Notification and/or U.S. Bureau of Land Managem	Concurrent Approval nent - Commissioner of Public Lar	by BLM or SLO	
	[E]		For all of the above	, Proof of Notification	or Publication is Attac	hed, and/or,
	[F]		Waivers are Attache	ed		
[3]			ATE AND COMPL N INDICATED AB		ON REQUIRED TO PE	ROCESS THE TYPE
	al is accura t	te and co	mplete to the best of			tion for administrative tion will be taken on this
	No	ote: Stater	ment must be completed	by an individual with ma	nagerial and/or supervisory	capacity.
Vaness	sa Neal		Signature Signature		Sr Reservoir Enginee	er 27 Aug 2022
Print or	Type Name		Signature		Title	Date
					vanessa@faenergyu	s.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

<u>District IV</u>

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___No

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating LLC Deperator	11757 Katy Freewa Addre	y, Suite 725 Houston, TX 77079					
STATE A A/C 3 COM A	#004 B-10-2	3S-36E	LEA				
Lease	Well No. Unit Letter-Section-Township-Range		County				
OGRID No. 329326 Property Co	ode <u>331315</u> API No. <u>30</u>	-025-09300 Lease Type:	FederalXStateFee				
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE				
Pool Name	JALMAT; TANSILL-YATES-7 RVRS		EUNICE; 7 RVRS-QUEEN, SOUTH				
	24130						
Pool Code Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3059'-3503'		3621'-3729'				
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	Oil Gas		Oil Gas				
(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	0 % 47 %		100 % 53 %				
explanation will be required.)	ADDITION	AI DATA					
Are all working, royalty and overriding ref not, have all working, royalty and over	oyalty interests identical in all comr	ningled zones?	Yes X No				
are all produced fluids from all comming	gled zones compatible with each oth	ner?	YesX No				
Vill commingling decrease the value of I	production?		Yes No_ <u>X</u>				
f this well is on, or communitized with, or the United States Bureau of Land Man			YesX No				
NMOCD Reference Case No. applicable	to this well:		_				
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-APPROV						
		following additional information wil	l be required:				
ist of other orders approving downhole ist of all operators within the proposed proof that all operators within the proposed bottomhole pressure data.	Pre-Approved Pools						
hereby certify that the information a	bove is true and complete to the	e best of my knowledge and belie	f.				
SIGNATURE / /	TITLE S1	Reservoir Engineer	DATE29 Aug 2022				
YPE OR PRINT NAME <u>Vanes</u>	ssa Neal	TELEPHONE NO. (<u>83</u>	2_)_219-0990				

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

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



August 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 3 COM A #004

API: 30-025-09300

[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





August 28, 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 3 COM A #004

API: 30-025-09300

[79240] Jalmat; Tansill-Yates-7 RVRS (Gas) [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: B-10-23S-36E 660 FNL 2310 FEL

Lat/Long: 32.3244629,-103.2518997 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 **[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 3 COM A #004** 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,

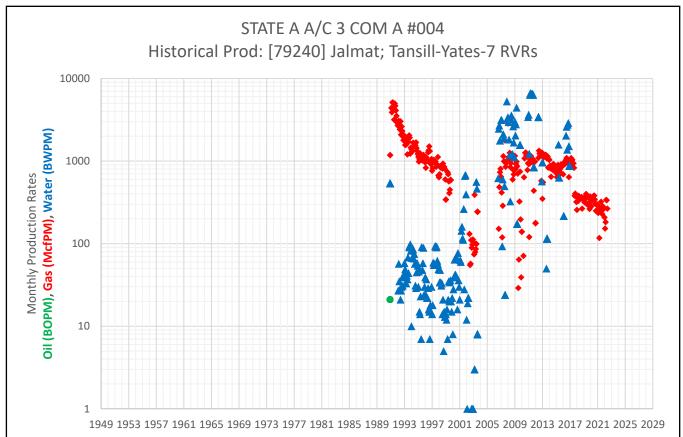
Vanessa Neal

Sr Reservoir Engineer

Released to Imaging: 6/27/2023 9:36:28 AM



Exhibit A - Historical Production of Current Pool



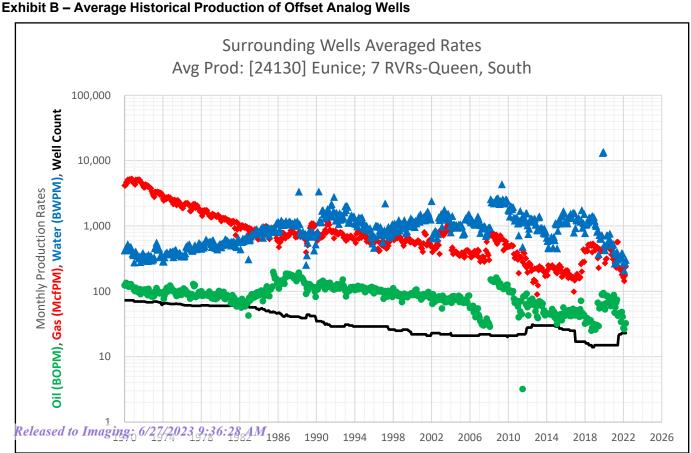




Exhibit C - Historical Production from Last 5 Years for Each Pool & Combined Future Forecast

	Avg Oil	Avg Gas	Avg Water	
Date	(BOPM)	(McfPM)	(BWPM)	Well Count
1/1/2017	43	162	930	17
2/1/2017	47	158	1,247	17
3/1/2017	51	185	1,215	17
4/1/2017	46	164	1,254	17
5/1/2017	45	168	1,332	17
6/1/2017	41	158	1,224	17
7/1/2017	53	165	1,162	17
8/1/2017	72	261	1,237	17
9/1/2017	42	201	1,750	17
10/1/2017	46	281	942	17
11/1/2017	43	437	1,110	17
12/1/2017	43	282	1,523	17
1/1/2018	32	405	779	17
2/1/2018	33	413	1,046	16
3/1/2018	36	441	1,076	16
4/1/2018	39	414	1,132	16
5/1/2018	34	517	1,161	16
6/1/2018	35	512	1,340	15
7/1/2018	36	504	1,329	15
8/1/2018	36	529	1,315	15
9/1/2018	25	500	1,236	15
10/1/2018	28	396	1,430	14
11/1/2018	28	537	1,312	14
12/1/2018	32	490	1,375	14
1/1/2019	30	479	1,203	15
2/1/2019	26	427	1,056	15
3/1/2019	28	478	1,001	15
4/1/2019	31	479	818	15
5/1/2019	67	322	851	15
6/1/2019	29	229	374	15
7/1/2019	55	443	729	15
8/1/2019	57	433	648	15
9/1/2019	62	413	636	15
10/1/2019	90	446	730	15
11/1/2019	88	417	13,152	15
12/1/2019	94	444	13,626	15
1/1/2020	64	432	514	15
2/1/2020	53	270	426	15
3/1/2020	65	310	506	15
4/1/2020	85	318	715	15
5/1/2020	85	509	719	15
6/1/2020	68	474	585	15
	68 77			
7/1/2020		501	590 765	15 15
8/1/2020	77 50	445	765 580	15 15
9/1/2020	59 60	429	589 517	15
10/1/2020	69 74	364	517	15
11/1/2020	74	419	510	15
1/1/2020	74	310	533	15
1/1/2021	88	369	411	15
2/1/2021	47	272	267	15
3/1/2021	57	349	367	15
4/1/2021	68	231	281	15
5/1/2021	75	567	405	15
6/1/2021	42	568	307	15
7/1/2021	43	295	324	21
8/1/2021	47	230	323	22
9/1/2021	44	212	330	22
10/1/2021	34	226	346	22
11/1/2021	48	180	386	23
12/1/2021	41	208	375	23
1/1/2022	27	162	271	23
2/1/2022	26	144	209	23
3/1/2022	32	174	276	23
4/1/2022	32	238	7/2023 ₇ 9::	36:28 AM
JERRASE	ed to Ima	91n9:4/2	1121125-40	00:28 A/VI

STATE A A/C 3 COM A #004					
Historical P		almat; Tansill-			
	Avg Oil	Avg Gas	Avg Water		
Date	(BOPM)	(McfPM)	(BWPM)		
1/1/2017 2/1/2017		991 894			
3/1/2017		1,082			
4/1/2017		1,006			
5/1/2017		1,038			
6/1/2017		942			
7/1/2017 8/1/2017		937 827			
9/1/2017		380			
10/1/2017		403			
11/1/2017		375			
12/1/2017		320			
1/1/2018		256			
2/1/2018 3/1/2018		327 326			
4/1/2018		379			
5/1/2018		344			
6/1/2018		353			
7/1/2018		357			
8/1/2018		357			
9/1/2018		366 265			
11/1/2018		350			
12/1/2018		339			
1/1/2019		356			
2/1/2019		317			
3/1/2019		341			
4/1/2019 5/1/2019		357 398			
6/1/2019		-			
7/1/2019		298			
8/1/2019		301			
9/1/2019		301			
10/1/2019		313			
11/1/2019 12/1/2019		263 372			
1/1/2020		343			
2/1/2020		282			
3/1/2020		332			
4/1/2020		343			
5/1/2020 6/1/2020		373 372			
7/1/2020		382			
8/1/2020		341			
9/1/2020		304			
10/1/2020		249			
11/1/2020		297			
12/1/2020 1/1/2021		298 293			
2/1/2021		235			
3/1/2021		269			
4/1/2021		117			
5/1/2021		259			
6/1/2021		246			
7/1/2021 8/1/2021		321 273			
9/1/2021		228			
10/1/2021		283			
11/1/2021		261			
12/1/2021		273			
1/1/2022 2/1/2022		208 152			
3/1/2022		182			
4/1/2022		339			
5/1/2022		335			
6/1/2022		265			

6/1/2022

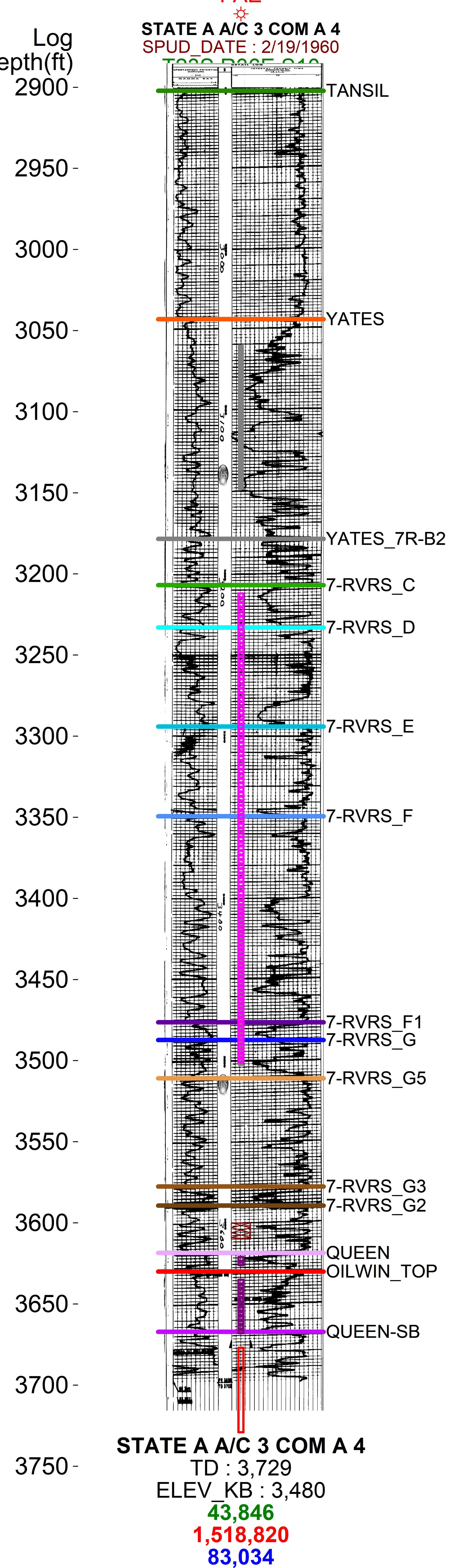
	•	ecline Curve	
Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1	51.4	685	1,244
2	51.1	683	1,240
3	50.9	681	1,236
4	50.6	680	1,232
5	50.4	678	1,227
6	50.2	676	1,223
7	49.9	674	1,219
8	49.7	673	1,215
9	49.4	671	1,211
10	49.2	669	1,207
11	49.0	668	1,203
12	48.7	666	1,200
13	48.5	664	1,196
14	48.3	663	1,192
15	48.0	661	1,188
16	47.8	659	1,184
17	47.6	658	1,180
18	47.4	656	1,176
19	47.1	655	1,172
20	46.9	653	1,168
21	46.7	651	1,164
22	46.5	650	1,161
23	46.2	648	1,157
24	46.0	646	1,153
25	45.8	645	1,149
26	45.6	643	1,145
27	45.4	642	1,142
28	45.1	640	1,138
29	44.9	638	1,134
30 31	44.7 44.5	637 635	1,131 1,127
32	44.3	634	1,127
33	44.3	632	1,123
34	43.9	630	1,116
35	43.6	629	1,112
36	43.4	627	1,112
37	43.4	626	1,105
38	43.0	624	1,101
39	42.8	623	1,098
40	42.6	621	1,094
41	42.4	620	1,090
42	42.2	618	1,087
43	42.0	616	1,083
44	41.8	615	1,080
45	41.6	613	1,030
46	41.4	612	1,073
47	41.2	610	1,069
48	41.0	609	1,065
49	40.8	607	1,062
50	40.6	606	1,058
51	40.4	604	1,055
52	40.2	603	1,052
53	40.0	601	1,048
54	39.9	600	1,045
55	39.7	598	1,041
56	39.5	597	1,038
57	39.3	595	1,034
58	39.1	594	1,034
59	38.9	592	1,028
60	38.7	591	1,024



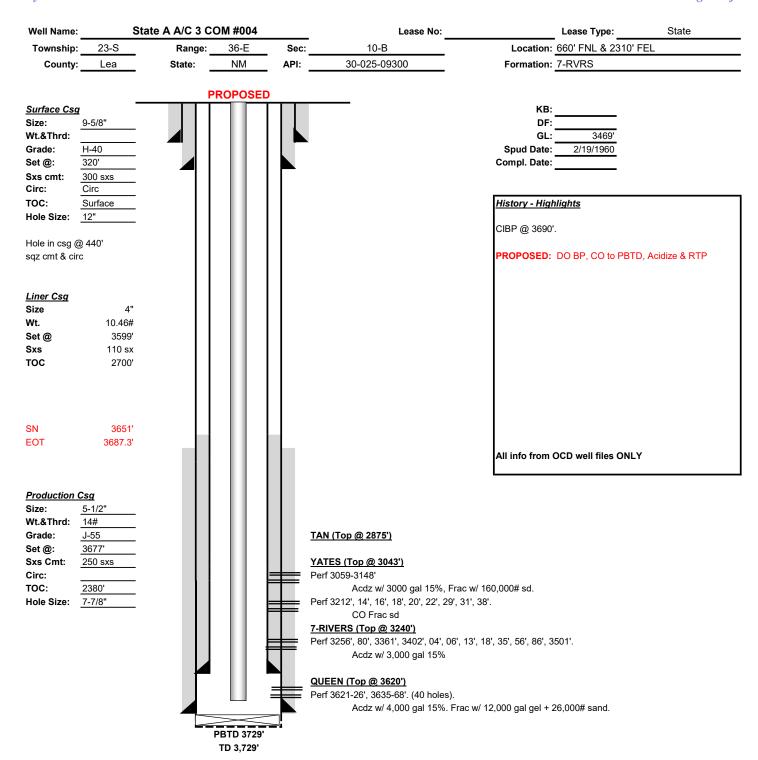
Exhibit D - Pool Allocations & Post Workover IP Rates

	OIL (bbls)	GAS (Mcf)	WATER (bbls)	POOL
5 yr Cum	0	19,333	0	(=00.00]
Allocated %	0%	47%	0%	[79240] Jalmat; Tansill-Yates-7 RVRs
Daily IP Rate	0.0	10.6	0.0	Talisiii Tates 7 KVKS
5 yr Cum	3,090	21,778	74,712	
Allocated %	100%	53%	100%	[24130] Eunice; 7 RVRs-Queen, South
Daily IP Rate	1.7	11.9	40.9	/ hvh3-queen, 30utii
Daily IP Rate	1.7	22.5	40.9	Commingled (Total)

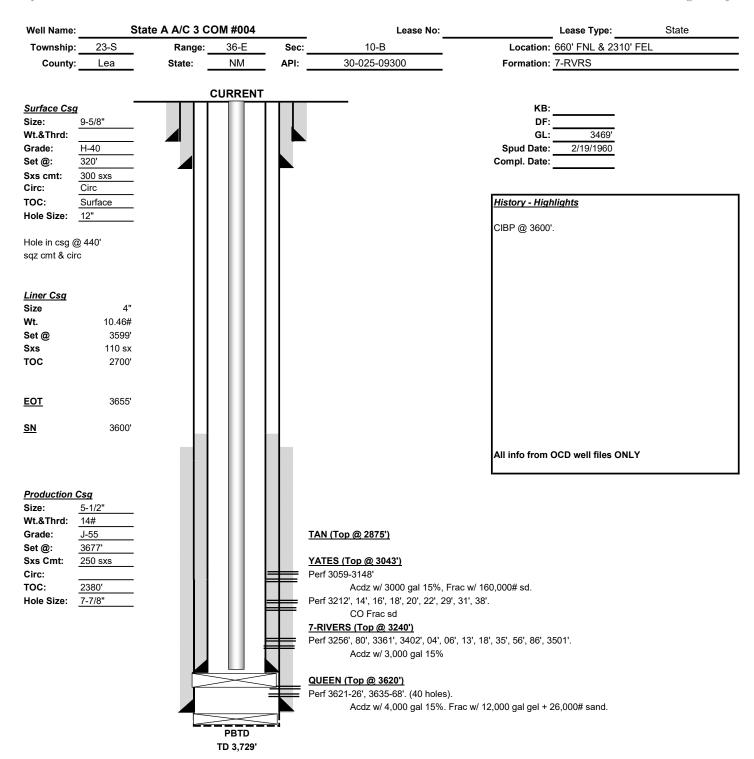
30025093000000 FAF



API 14	SOURCE	STATUS	TOP PERF	BASE PERF
30025093000000	OCD	SQUEEZED	3059	3148
30025093000000	OCD	ACTIVE	3212	3501
30025093000000	OCD	SQUEEZED	3405	3503
30025093000000	OCD	BRIDGEPLUG	3600	3610
30025093000000	OCD	INACTIVE	3621	3626
30025093000000	OCD	INACTIVE	3635	3668
30025093000000	OCD	OPENHOLE	3677	3729



Tubulars - Capacities and Performance
2-7/8" 6.5# J-55 8rd EUE Tubing (~110 jts 2-7/8" tubing, SN, 4' perf sub, MA w/ bull plug)
L



Tubulars - Capacities and Performance		
2" Tubing		

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 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code	³ Pool Name			
30-025-09300		79240	JALMAT; TANSILL-YATES-7 RVRS			
⁴ Property Code	•	⁵ Pı	coperty Name	⁶ Well Number		
331315		STATE A A/C 3 COM A				
⁷ OGRID No.		⁹ Elevation				
329326		3469'				
¹⁰ Surface Location						

	Surface Location								
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
В	10	23S	36E		660	N	2310	E	LEA
	¹¹ Bottom Hole Location If Different From Surface								
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
В	10	23S	37E		660	N	2310	E	LEA
12 Dedicated Acres	13 Joint o	r Infill	Consolidation Code	15 Order No.					
160	•	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	NE/4 Sec 10 (160 acres)	,099 O	2310'	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 vivision. 08/27/2022 Signature Date VANESSA NEAL Printed Name vanessa@faenergyus.com E-mail Address
				IsSURVEYOR 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

<u>District I</u>
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
<u>District II</u>
811 S. First St., Artesia, NM 88210

Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number ² Pool Code		³ Pool Name		
30-025-	30-025-09300 24130 EUNICE; 7 RVRS-QUEEN, SOUTH		OUTH	
⁴ Property Code		⁵ Property Name		⁶ Well Number
331315		STATE A A/C 3 COM A		
⁷ OGRID No.		⁸ Operator Name		⁹ Elevation
329326		FAE II OPERATING, LLC		3469'

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
В	10	23S	36E		660	N	2310	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	10	23S	37E		660	N	2310	E	LEA
12 Dedicated Acres	13 Joint o	r Infill	Consolidation Code	15 Order No.					
40	7	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 A TOD CEDTIFICATION
				¹⁷ OPERATOR CERTIFICATION
		.099		I hereby certify that the information contained herein is true and complete to
		99		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
	NW/4 NE/4	0	2310'	proposed bottom hole location or has a right to drill this well at this location
	Sec 10 (40 acres)		2310	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.
				08/27/2022
				Signature Date
				Signature / V Date
				VANESSA NEAL
				Printed Name
				vanessa@faenergyus.com E-mail Address
				L-man Addiess
				CLIDATENCE CERTIFICATION
				18SURVEYOR 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.
				and the second s
				Date of Survey
				Signature and Seal of Professional Surveyor:
				Certificate Number

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

To: <u>Vanessa Neal</u>; <u>Alex Bolanos</u>

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

Lamkin, Baylen L.

Subject: Approved Administrative Order DHC-5259 **Date:** Tuesday, June 27, 2023 8:57:35 AM

Attachments: DHC5259 Order.pdf

NMOCD has issued Administrative Order DHC-5259 which authorizes FAE II Operating, LLC (329326) to downhole commingle production within the following well:

Well Name: State A A/C 3 Com A #4

Well API: 30-025-09300

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

 $\frac{ \underline{District~I}}{1625~N.~French~Drive,~Hobbs,~NM~88240}$

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

<u>District III</u> 1000 Rio Brazos Road, Aztec, NM

<u>District IV</u> 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 Ves No

APPLICATION FOR DOWNHOLE COMMINGLING

1220 S. St. Francis Dr., Santa Fe, NM 87505	AFFLICATION	OK DOWNHOLE C	OMMINGLING	<u> </u>	NO
FAE II Operating LLC	11757 Katy	Freeway, Suite 725 Ho	ouston, TX 77079		
Operator	•	Address			
STATE A A/C 3 COM A	#004	B-10-23S-36E		LEA	
Lease	Well No. Unit	Letter-Section-Township-F	Range	County	
OGRID No. 329326 Property O	Code <u>331315</u> API No	o. <u>30-025-09300</u>	Lease Type:	_Federal _ <u>X</u> _State	eFee
DATA ELEMENT	UPPER ZONE	INTERMI	EDIATE ZONE	LOWER ZO	ONE
	JALMAT; TANSILL-YAT	TES-7		LANGLIE MATTIX	; 7 RVRS-

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT; TANSILL-YATES-7 RVRS		LANGLIE MATTIX; 7 RVRS- QUEEN-GRAYBURG
Pool Code	79240		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3059'-3501'		3621'-3668'
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	Oil Gas		Oil Gas
explanation will be required.)	0 % 47 %		100 % 53 %

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_	<u>X</u>	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	abpv	is true and complete t	o the best of my knowledg	ge and belief.		
		N / /					
CICNATUDE	/	N / I	TITLE	C. D	DATE	14 IIINI 2022	
SIGNATURE_	V -	M	TITLE_	<u>Sr Reservoir Engineer</u>	DATE	<u>14 JUN 2023</u>	
		V					

TYPE OR PRINT NAME Vanessa Neal TELEPHONE NO. (832) 219-0990

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

From: <u>Vanessa Neal</u>

To: McClure, Dean, EMNRD; Alex Bolanos
Subject: [EXTERNAL] RE: Action ID: 139590; DHC-5259
Date: Wednesday, June 14, 2023 4:46:45 PM

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

C-107a DHC STATE A AC 3 COM A #004 2023-06-14.pdf

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

Hi Dean,

The WBS was correct, I have updated the perfs in the corrected C-107a (attached).

We would like to downhole commingle the same pools approved by the APD (Action ID# 139596) on file:

[79240] Jalmat; Tansill-Yates-7 RVRS (Gas) [37240] Langlie Mattix; 7 RVRs-Queen-Grayburg

Please let me know if you need anything else.

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, June 9, 2023 5:33 PM

To: Alex Bolanos <alex@faenergyus.com>; Vanessa Neal <vanessa@faenergyus.com>

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

Subject: Action ID: 139590; DHC-5259

To whom it may concern (c/o Alex Bolanos for FAE II Operating, LLC),

The Division is reviewing the following application:

Action ID	139590
Admin No.	DHC-5259
Applicant	FAE II Operating, LLC (329326)
Title	State A AC 3 Com A #4
Sub. Date	8/30/2022

Please provide the following additional supplemental documents:

•

Please provide additional information regarding the following:

- What is the intended depths for the perforations into the Queens? The C-107A seems to indicate they will be from 3621 to 3729, but the WBD indicates that they will be from 3621 to 3668. If the C-107A is correct, then please submit me a new WBD indicating that; if the WBD is correct, then please submit me a new C-107A.
- Please confirm that the pool which you intend to request to commingle is 37240 rather than 24130 as indicated in the application.

Additional notes:

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All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

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

McClure, Dean, EMNRD

From: Vanessa Neal <vanessa@faenergyus.com>
Sent: Tuesday, September 27, 2022 1:14 PM

To: McClure, Dean, EMNRD

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

Attachments: C-107a Pkg_STATE A AC 1 #103_DHC_2022-09-01.pdf

Follow Up Flag: Follow up Flag Status: Completed

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-107A	State A A/C 3 COM A #004	30-025-09300	[79240] Jalmat & [24130] South Eunice
VQ72V-220830-C-107A	State A A/C 1 #055	30-025-09293	[79240] Jalmat & [37240] Langlie Mattix
3JAIF-220901-C-107A	State A A/C 1 #103	30-025-20493	[79240] Jalmat & [37240] Langlie Mattix
IVHCM-220926-C-107A	State A A/C 2 #038	30-025-08847	[79240] Jalmat & [24130] South 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 979.255.3476

E vanessa@faenergyus.com

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-5259

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. 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

- 7. 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.
- 8. 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.
- 9. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

Order No. DHC-5259 Page 1 of 3

- 10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
- 11. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

- 1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
- 2. Applicant shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
- 3. If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
- 4. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
- 5. Prior to commingling production from the Pools within the Well's well bore, Applicant shall confirm the depth of the top of the Queen Formation with OCD's Engineering Bureau. If the depth confirmed by OCD's Engineering Bureau is different than the depth submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after commingling production, Applicant shall submit Form C-103 to the OCD Engineering Bureau correcting the depth of the top of the Queen Formation.
- 6. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
- 7. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 8. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.

Order No. DHC-5259 Page 2 of 3

- 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: 6/26/23

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

DYLANM. FUGE

DIRECTOR

Order No. DHC-5259 Page 3 of 3

State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: DHC-5259

Operator: FAE II Operating, LLC (329326)

Well Name: State A A/C 3 Com A #4

Well API: 30-025-09300

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

Upper Zone Pool ID: 79240 Current: X New:
Allocation: Fixed Percent Oil: 0% Gas: 47%

Interval: Perforations Top: 3,059 Bottom: 3,501

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: 53%

Interval: Perforations Top: 3,621 Bottom: 3,668

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

Top of Queen Formation: 3,620

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 139590

CONDITIONS

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 725	Action Number:
Houston, TX 77079	139590
	Action Type:
	[C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By		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.	6/27/2023