

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

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

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

State of New Mexico

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

☐ AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address FAE II Operating LLC 11757 Katy Freeway, Suite 1000 Houston, TX 77079		² OGRID Number 329326
		³ API Number 30-025-26501
⁴ Property Code 326912	⁵ Property Name CUSTER STATE	⁶ Well No. #001

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
G	36	24S	36E		2310	N	1800	E	LEA

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
G	36	24S	36E		2310	N	1800	E	LEA

⁹ Pool Information

Pool Name LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	Pool Code 37240
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Additional Well Information

¹¹ Work Type D/A	¹² Well Type G	¹³ Cable/Rotary R	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 3265'
¹⁶ Multiple YES	¹⁷ Proposed Depth 3500'	¹⁸ Formation 7 RVRS/QUEEN	¹⁹ Contractor TBD	²⁰ Spud Date 3/25/2021
Depth to Ground water	Distance from nearest fresh water well			Distance to nearest surface water

☐ We will be using a closed-loop system in lieu of lined pits²¹ Proposed Casing and Cement Program

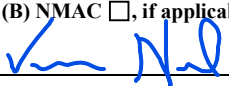

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	12.25"	8.625"	28#	442'	300 sxs	Surface
Production	7.875"	5.5"	17#	3425'	800 sxs	Surface
Open Hole	4.75"	n/a	n/a	3500'	n/a	n/a

Casing/Cement Program: Additional Comments

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²² Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	3000	Unknown

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> if applicable. Signature: 		OIL CONSERVATION DIVISION	
Printed name: VANESSA NEAL		Approved By: 	
Title: RESERVOIR ENGINEER		Title:	
E-mail Address: vanessa@faenergyus.com		Approved Date: 03/09/2021 Expiration Date: 03/09/2023	
Date: 04 March 2021	Phone: 832-219-0990	Conditions of Approval Attached	

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-26501	² Pool Code 37240	³ Pool Name LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG
⁴ Property Code 326912	⁵ Property Name CUSTER STATE	⁶ Well Number #001
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC	⁹ Elevation 3265'

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
G	36	24S	36E		2310	N	1800	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
G	36	24S	36E		2310	N	1800	E	LEA
¹² Dedicated Acres 40	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No. DHC-5098						

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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature 3/8/2021 Date VANESSA NEAL Printed Name vanessa@faenergyus.com E-mail Address	
	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>	
	Date of Survey Signature and Seal of Professional Surveyor:	
	Certificate Number	

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Oil Conservation Division
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Santa Fe, NM 87505

Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

Date: 05 MAR 2021

☐ Original Operator & OGRID No.: FAE II Operating LLC (329326)
☒ Amended - Reason for Amendment: Deepen & Add Zone to CUSTER STATE #1

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
CUSTER STATE #001	30-025-26501	G-36-24S-36E	2310' FNL & 1800' FEL	10	No	

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to [298751] REGENCY FIELD SERVICES LLC (Gas Transporter) and will be connected to Gas Transporter low/high pressure gathering system located in LEA County, New Mexico. It will require 1320 ' of pipeline to connect the facility to low/high pressure gathering system. [329326] FAE II OPERATING LLC (Operator) provides (periodically) to Gas Transporter a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Operator and Gas Transporter have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Gas Transporter Processing Plant located in Sec. 33, Twn. 24S, Rng. 37E, LEA County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Gas Transporter system at that time. Based on current information, it is Operator's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

Well Name: **Custer State #1** State Lease No. **E-1734** Lease Type: **State**
 Location: **2310' FNL & 1800' FEL** Sec: **36** Township: **24-S** Range: **36-E**
 County: **Lea** State: **NM** API: **30-025-26501** Formation: **Jalmat**

Surface Csg

Size: **8-5/8"**
 Wt.&Thrd: **28#**
 Grade: **Grade-B, ST&C**
 Set @: **442'**
 Sxs cmt: **300 sxs**
 Circ: **77 sxs**
 TOC: **Surface**
 Hole Size: **12-1/4"**

KB: **11.4'**
 DF: **3275.4'**
 GL: **3265'**
 Spud Date: **12/2/1979**
 Compl. Date: **12/18/1979**

PROPOSED**History - Highlights**

12/20/1999: Acidized perms 2810-2900' w/ 2700 gals 15% NEFE acid w/ balls and 168 gals flush.

Reoccurring issues of pump/rods sticking in tbg due to iron sulfide & scale buildup.

5/3/2001: Lost returns when drilling out cement at 2896'; bottom perms in Yates likely still open.

Reoccurring issues of holes in tbg from corrosion.

Production Csg

Size: **5-1/2"**
 Wt.&Thrd: **17#**
 Grade: **J-55, ST&C**
 Set @: **3425'**
 Sxs Cmt: **800 sxs**
 Circ: **275 sxs**
 TOC: **Surface**
 Hole Size: **7-7/8"**

EOT **3461'**

Open Hole

Size: **4-3/4"**
 Set @: **3500'**

YATES (Top @ 2810')

2810', 2815', 2820', 2825', 2832', 2837', 2847', 2852', 2857', 2862', 2866', 2888', 2892', 2896', 2900' (15 holes) - Dec 1979 [SQUEEZED]

2810', 2813', 2817', 2819', 2821', 2823', 2830', 2832', 2834', 2836', 2842', 2845', 2849', 2853', 2856', 2859', 2862', 2865' - May 2001

Acidized w/ 4500 gals w/ balls

SEVEN RIVERS (Top @ 3020')

3072', 3074', 3076', 3078', 3080' - May 2001 [SQUEEZED]

Spot 150 gals 15% HCL acid

3046-3052', 3072-3079', 3146-3152', 3280-3283', 3307-3311', 3326-3333', 3346-3348', 3364-3369', 3379-3384', 3405-3408' (2SPF) - Mar 2021

Acidize w/ 5000 gals 15% NEFE acid, 1500# rock salt in brine wtr, flush w/ 500 bbls 2% KCL wtr

Lost complete returns while drilling in 4th 7RVRs interval @ 3350'

"CUQ" Marker @ 3418'

3425-3500' Open Hole - Mar 2021

Acidize w/ 2500 gals 15% NEFE acid, 750# rock salt in brine wtr, flush w/ 500 bbls 2% KCL wtr

PBTD 3500'
TD 3500'

Tubulars - Capacities and Performance

	bb/ft	cf/ft	Tensile (lbs)	Burst (psi)	Collapse (psi)	ID(in)	Drift (in)
2-3/8" J-55 8rd EUE Tbg (105 jts 2-3/8" tbg, TAC, 2 jts 2-3/8" tbg, SN, MA w/ bull plug) @ 3461'							

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CONDITIONS

Action 19766

CONDITIONS OF APPROVAL

Operator:	FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	OGRID:	329326	Action Number:	19766	Action Type:	APD
OCD Reviewer	Condition								
pkautz	None								