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 1220 South St. Francis Dr.

Santa Fe, NM 87505

111 1 1110	411101	TOR	APPLICATION FOR PERMIT TO DRILL, RE-ENT Operator Name and Address						^{2.} OGRID Nu			
			Forty Acres En						371416			
		1	1757 Katy Freew Houston, TX			^{3.} API Number 30-025-26111						
	rty Code		Houston, 17	5.	Property Name	Name ^{6.} Well No.				Well No.		
332	412				TATE C TR 11					#010		
1					face Location	1	I		I	1 ~		
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/	S Line	Feet From	E/W Line	County		
В	02	21S	36E	8 Proposed	3300 Bottom Hole	a I acat	N	1980	E	LEA		
UL - Lot	Section	Township	Range	Lot Idn	Feet from		S Line	Feet From	E/W Line	County		
В	02	21S	36E		3300		N	1980	Е	LEA		
	<u> </u>		002	9. Poo	I Information	 n						
					Name					Pool Code		
			HARDY; B	LINEBRY / HA	RDY; TUBB-D	DRINKA	RD			29710 / 2976		
				Additional	Well Inform	ation						
11. Worl			12. Well	Caolo			otary 14. Lease Type		15. (Ground Level Elevation		
16. Mu	_		Type O	$ \begin{array}{c c} & & & R \\ \hline & & & & \\ \hline & & & \\$			S 19. Contractor		3507'			
YE	-			6750' BLINEBRY-TUB				TBD		4/22/2022		
Depth to Groun		l .		Distance from nearest fresh water we					to nearest surfa			
We will be u	sing a cla	cod loon	system in lieu of l	ined nite								
we will be u	ising a Cio	scu-ioop i	_	_	na and Camar	mt Ducc						
Т	11-1-	C:				Cement Program Setting Depth Sacks of Cement Estimated TOC						
Туре	+	Size	Casing Size	Casing Wei	ignt/it	<i>S</i> 1			-	Estimated TOC		
Surface		'.5"	13.375"	48#		1275'		800 s	SXS	Surface		
Production	12	.25"	5.5"	14# & 15	5.5#	6750'		2843 sxs		Surface		
			Cacina	/Comont Proc	gram: Additio	onal Ca	mmonte					
			Casing	Cement I Tog	gram. Additio	onai Co	minents					
			22. P	roposed Blow	out Preventio	on Pros	gram					
	Type			Vorking Pressure			Test Pressu	ıre		Manufacturer		
Do	ouble R	am		3,000#			3,000#			Unknown		
				2,000			2,000.	•	<u> </u>	<u> </u>		
		e informatio	on given above is tru	e and complete to	the best		OII. C	ONSERVAT	TION DIVI	ISION		
				of my knowledge and belief. I further certify that I have compled with 19.15.14.9 (A) NMAC and/or					OIL CONSERVATION DIVISION			
of my knowled further cert	lge and bel	ief. ave comp	led with 19.15.14.9	(A) NMAC 🗆 a								
f my knowled further certi 9.15.14.9 (B)	lge and bel	ief. ave comp	ed with 19.15.14.9	(A) NMAC 🗌 a		proved By	y:					
f my knowled further certi 9.15.14.9 (B)	lge and bel	ief. ave comp	led with 19.15.14.9 able	(A) NMAC 🗌 a		proved By	y:					
of my knowled	lge and bel ify that I h	ief. ave comp], if appli	ed with 19.15.14.9 able	(A) NMAC 🗌 a			y:					
f my knowled further certi 9.15.14.9 (B) signature:	ify that I h	ief. ave comp , if appli	able	(A) NMAC 🗆 a	Appr			E	xpiration Date:			
of my knowled further certification (P.15.14.9 (B)) Gignature:	dge and bel iff that I h IMAC [VANESSA ERVOIR E	ief. ave comp], if appli NEAL NGINEER	rable	(A) NMAC 🗆 a	Appr	e:		E	xpiration Date:			

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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 Numb	er	² Pool Code	³ Pool Name		
30-025-26111		29760 HARDY; TUBB-DRINKAF		RD	
⁴ Property Code		⁵ Property Name			
330780		STATE C TR 11			
⁷ OGRID No.		8 Operator Name			
371416		FORTY ACRES ENERGY LLC			
		" Crafe	an I norting		

[™] Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
В	02	21S	36E	10	3300	N	1980	E	LEA
			п Bottom	Hole Locat	ion If Differe	ent From Sur	face		
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
В	02	21S	36E	10	3300	N	1980	E	LEA
12 Dedicated Acres	13 Joint o	r Infill	Consolidation Code	15 Order No.					
320	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.

		<u> </u>		
16	NW/4 NE/4 Sec 02 (320 acres)	3300	1980'	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 heretoface entered by the vivisin. 102/02/2022
				Signature Date VANESSA NEAL Printed Name vanessa@faenergyus.com E-mail Address
				In the reby 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

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■ AMENDED REPORT

WEI	.I.1	Ω	CA	TIOIT	V Al	ND	Α(CREA	GE	DEL	ICA	ATION	PLAT
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¹ API Number		² Pool Code		³ Pool Name	
30-025-26111		29710	HAR		
⁴ Property Code		⁵ Property Name			
330780		STATE C TR 11			
⁷ OGRID No.		⁸ Operator Name			
371416	FORTY ACRES ENERGY LLC				3507'
	•	10 Surfa	ce Location	•	_

-	1	,		- Sui	lace Localio	1			
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
В	02	21S	36E	10	3300	N	1980	E	LEA
			п Bottom	Hole Locat	ion If Differe	ent From Sur	face		
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
В	02	21S	36E	10	3300	N	1980	E	LEA
12 Dedicated Acres	13 Joint o	r Infill 14 (Consolidation Code	15 Order No.					
320	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.

16		,		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to
		3300'		the best of my knowledge and belief, and that this organization either owns a
	NW/4 NE/4	(,)		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
	Sec 02 (320 acres)	Ó		proposed volum note location or has a right to arith his well at his 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
				heretoffre entered by the division.
				02/02/2022
				Signature Date
				Signature J V Date
				VANESSA NEAL
				Printed Name
				vanessa@faenergyus.com
				E-mail Address
				CLIDATENOD CEDTIFICATION
				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.
				Date of Survey
				Signature and Seal of Professional Surveyor:
				G. W. A. A.
				Certificate Number

State of New Mexico Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description Effective May 25, 2021

I. Operator:	FORTY ACR	ES ENERGY, LL	C_OGRID:	371416	Date:	03/04/2022
II. Type: ☐ Original ☐ If Other, please describe				`		Other.
ii other, pieuse deserio	c. <u>Maa peri</u>	s & deluize STAT	L C IK II #010	to TODD DRINK!	MD,	
III. Well(s): Provide the be recompleted from a second					vells proposed to	be drilled or proposed to
Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
STATE C TR 11 #010	30-025-26111	B-02-21S-36E	3300' FNL & 1980' FEL	2	2	2
proposed to be recompl	lle: Provide the eted from a sing	following informagle well pad or con	ition for each nev	v or recompleted w		proposed to be drilled or
Well Name	API	Spud Date	TD Reached Date	Completion Commencement		
STATE C TR 11 #010	30-025-26111	03/23/2022	03/23/2022	03/23/2022	03/29/2	022 03/30/2022
	etices: ⊠ Attac	h a complete desc				t to optimize gas capture.
VIII. Best Management during active and plann		-	ete description of	f Operator's best m	nanagement pract	ices to minimize venting

Section 2 _ Enhanced Plan

			E APRIL 1, 2022	
Beginning April 1, reporting area must			with its statewide natural ga	as capture requirement for the applicable
☐ Operator certifie capture requirement			ion because Operator is in c	compliance with its statewide natural gas
IX. Anticipated Na	tural Gas Producti	on:		
Well		API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF
X. Natural Gas Ga	thering System (NC	GGS):		
Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in
production operation the segment or portion XII. Line Capacity	ns to the existing or jon of the natural gas. The natural gas gas	planned interconnect of t gathering system(s) to v	he natural gas gathering systewhich the well(s) will be com will not have capacity to g	aticipated pipeline route(s) connecting the em(s), and the maximum daily capacity of nected. gather 100% of the anticipated natural gas
				ed to the same segment, or portion, of the line pressure caused by the new well(s).
☐ Attach Operator'	s plan to manage pro	oduction in response to th	ne increased line pressure.	
Section 2 as provide	ed in Paragraph (2) o		27.9 NMAC, and attaches a f	SA 1978 for the information provided in full description of the specific information

Section 3 - Certifications Effective May 25, 2021

Effective friay 25, 2021
Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:
⊠ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or
□ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. If Operator checks this box, Operator will select one of the following:
Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or
Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including: (a) power generation on lease; (b) power generation for grid; (c) compression on lease; (d) liquids removal on lease; (e) reinjection for underground storage; (f) reinjection for temporary storage; (g) reinjection for enhanced oil recovery; (h) fuel cell production; and (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

- 1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:
- (a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or
- (b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.
- 2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:
Printed Name: Vanessa Neal
Title: Sr. Reservoir Engineer
E-mail Address: vanessa@faenergyus.com
Date: 10 MAR 2022
Phone: 832-219-0990
OIL CONSERVATION DIVISION
(Only applicable when submitted as a standalone form)
Approved By:
Title:
Approval Date:
Conditions of Approval:

FAE II Operating, LLC ("FAE") Natural Gas Management Plan

VI. Separation Equipment

- Separation equipment is sized to allow for retention time and velocity to adequately separate oil, gas, and water at anticipated peak rates.
- Valves and meters are designed to service without flow interruption or venting of gas.
- Gas from treater and wellhead will be tied into the sales line.

VII. Operational Practices

19.15.27.8 (A)

FAE's field operations are designed with the goal of minimizing venting of natural gas. Wellhead and existing production equipment are tied into the gas sales line.

19.15.27.8 (B) Venting and Flaring during drilling operations

- Venting will only occur if there is an equipment malfunction and/or to avoid risk of an immediate and substantial adverse impact on safety, public health, or the environment.
- Daily vented volumes during drilling operations will be estimated on the daily report.
- All equipment will be available to process wellhead production upon completion of the well.

19.15.27.8 (C) Venting and Flaring during completions or recompletions operations.

- During all phases of flowback, wells will flow through a sand separator, or other appropriate
 flowback separation equipment, and the well stream will be directed to a central tank battery (CTB)
 through properly sized flowlines.
- The CTB will have properly sized separation equipment for maximum anticipated flowrates.
- All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks;
 vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from well is <60 MCFPD.

19.15.27.8 (D) Venting and Flaring during production operations.

- During production, the well stream will be routed to the CTB where multiple stages of separation will separate gas from liquids. All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from will is <60 MCFPD.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas sales volumes are recorded and monitored via EFMS.

19.15.27.8 (E) Performance Standards

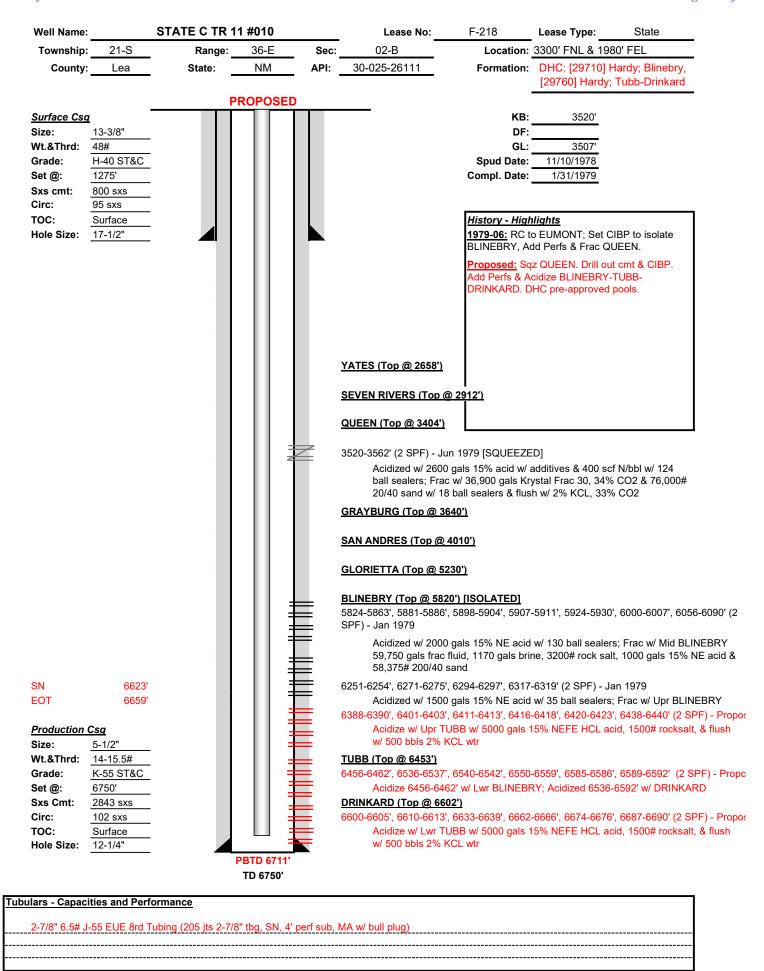
- Production equipment will be designed to handle maximum anticipated rates and pressure.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas/H2S detectors will be installed throughout the facilities and wellheads to detect leaks and enable timely repairs.

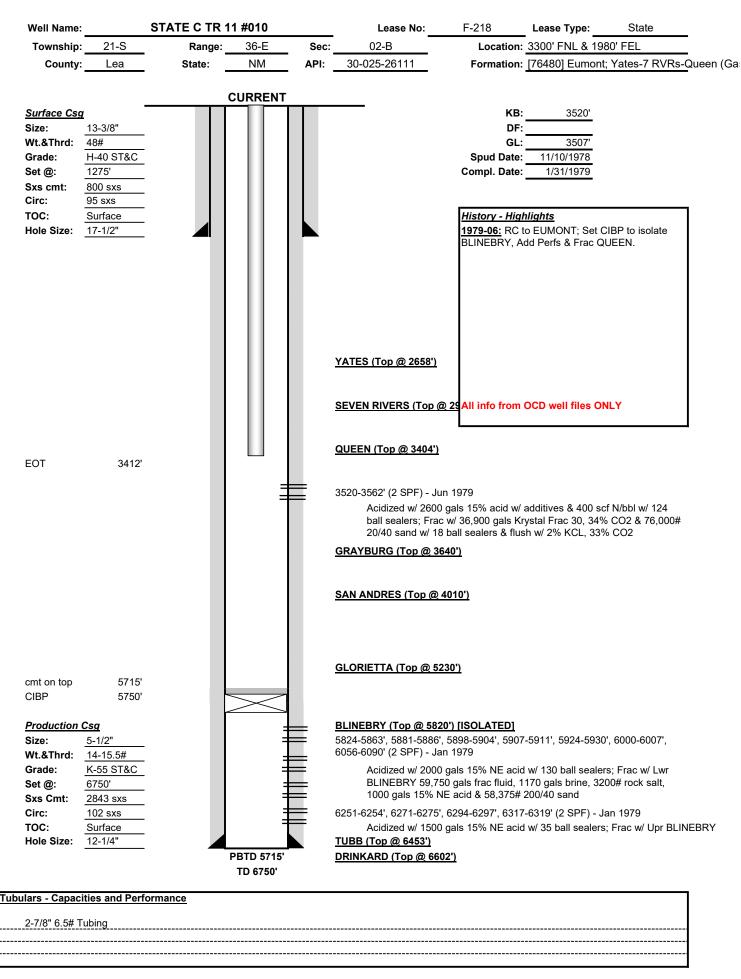
19.15.27.8 (F) Measurement or estimation of vented and flared natural gas

- All gas from wellhead and treater will be routed to a sales outlet.
- When metering is not practical due to low pressure/low rate (<60 MCFPD), the vented volume will be estimated based on annual GOR.

VIII. Best Management Practices

- FAE will use best management practices to vent as minimally as possible during well intervention operations and downhole well maintenance.
- All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from will is <60 MCFPD. All venting events will be recorded and all start-up, shutdown, maintenance logs will be kept for control equipment</p>
- All equipment will be maintained to provide highest run-time possible.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas sales volumes are recorded and monitored via EFMS.
- All procedures are drafted to keep venting to the absolute minimum.





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State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. **Santa Fe, NM 87505**

COMMENTS

Action 89359

COMMENTS

Operator:	OGRID:
FORTY ACRES ENERGY, LLC	371416
11757 Katy Frwy	Action Number:
Houston, TX 77056	89359
	Action Type:
	[C-101] Drilling Non-Federal/Indian (APD)

COMMENTS

Created By	Comment	Comment Date
pkautz	Hold for additional C-102 or revised wellbore schematic	3/22/2022

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CONDITIONS

Action 89359

CONDITIONS

Operator:	OGRID:
FORTY ACRES ENERGY, LLC	371416
11757 Katy Frwy	Action Number:
Houston, TX 77056	89359
	Action Type:
	[C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By	Condition	Condition Date
pkautz	None	3/23/2022