District I 1625 N. French Dr., Hobbs, NM 88240	State of New Mexico	Form C-101 Revised July 18, 2013
Phone: (575) 393-6161 Fax: (575) 393-0720 <u>District II</u> 811 S. First St., Artesia, NM 88210	Energy Minerals and Natural Resources	Revised July 16, 2013
Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410	Oil Conservation Division	AMENDED REPORT
Phone: (505) 334-6178 Fax: (505) 334-6170 District IV	1220 South St. Francis Dr.	
1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462	Santa Fe, NM 87505	

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

^{1.} Operator Name and Address								^{2.} OGRID Numbe	er
FAE II Operating LLC								329326	
11757 Katy Freeway, Suite 725								^{3.} API Number	
			Houston, TX					30-025-10728	
^{4.} Prope	erty Code			5	Property Name			6. We	ell No.
33	1312 MATKINS #00					006			
	⁷ Surface Location								
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
J	15	23S	36E		1980	S	1980	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
J	15	23S	36E	36E 1980 S 1980 E LEA				LEA	
				^{9.} Poo	l Information				
Pool Name							Pool Code		

JALMAT; TAN-YATES-7 RVRs // LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG

79240 // 37240

	A	lditional Well Information		
^{11.} Work Type	^{12.} Well Type	13. Cable/Rotary	^{14.} Lease Type	15. Ground Level Elevation
D	0	R	Р	3375'
^{16.} Multiple	^{17.} Proposed Depth	Proposed Depth ^{18.} Formation ^{19.} Contractor		^{20.} Spud Date
YES	3752'	752' YATES-7R-QUEEN TBD		8/22/2022
Depth to Ground water	Distance from	n nearest fresh water well	Distance to r	earest surface water

We will be using a closed-loop system in lieu of lined pits

^{21.} Proposed Casing and Cement Program

Туре	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	11"	8.625"	24#	355'	300 sxs	Surface
Production	7.875"	4.5"	9.6#	3672'	800 sxs	Surface
Open Hole	3.75"	n/a	n/a	3745'	n/a	n/a
	Casing/Cement Program: Additional Comments					

^{22.} Proposed Blowout Prevention Program Type Working Pressure Test Pressure Manufacturer Double Ram 3,000# 3,000# Unknown

of my knowledge and belief.	iven above is true and complete to the best	OIL CONSERVATION DIVISION		
I further certify that I have complied with 19.15.14.9 (A) NMAC and/or 19.15.14.9 (B) NMAC , if applicable. Signature:		Approved By:		
Printed name: VANESSA NEAL		Title:		
Title: SR RESERVOIR ENGINEER		Approved Date:	Expiration Date:	
E-mail Address: vanessa@faenergyus.co	<u>om</u>			
Date: 16 May 2022	Phone: 832-219-0990	Conditions of Approval Attached		

District II 811 S. First St., Artesia, NM 88210

District III

District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 State of New Mexico Energy, Minerals & Natural Resources Department Phone: (575) 748-1283 Fax: (575) 748-9720 OIL CONSERVATION DIVISION 1000 Rio Brazos Road, Aztec, NM 87410 1220 South St. Francis Dr. Phone: (505) 334-6178 Fax: (505) 334-6170 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

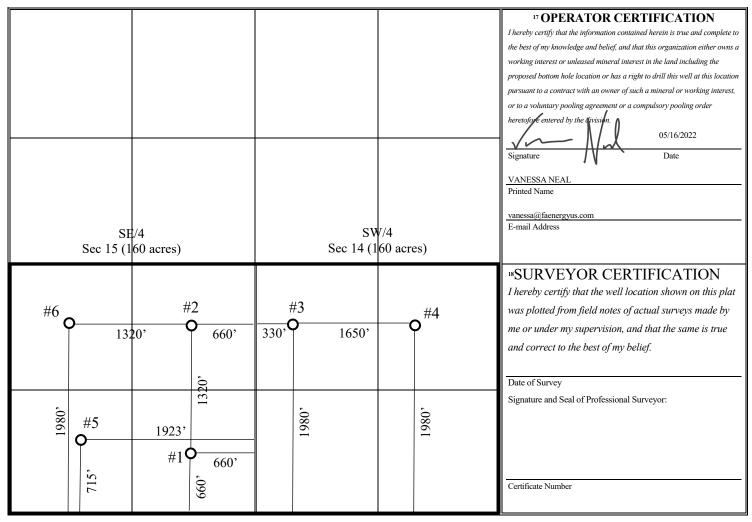
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	API Numbe -025-107:			ool Code 9240		³ Pool Name JALMAT; TANSILL-YATES-7 RVRs (GAS)				
⁴ Property C	Code	⁵ Property Name						⁶ Well Number		
33131	2				MATKINS			7	#006	
⁷ OGRID	No.			8	Operator Name			⁹ E	levation	
32932	6			FAE II (OPERATING,	LLC		3	375'	
	¹⁰ Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
J	15	23S	36E		1980	S	1980	E	LEA	
			" 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	
J	15	23S 36E 1980 S 1980 E			E	LEA				
¹² Dedicated Acres 320	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.



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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

	API Numbe					³ Pool Name LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG				
	-025-107	28	3	7240	Dava and Name		AT IIA, 7 KVK3-0			
⁴ Property 33131					Property Name MATKINS				⁶ Well Number #006	
⁷ OGRID										
32932			⁸ Operator Name ⁹ Elevation FAE II OPERATING, LLC 3375'							
	¹⁰ Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
J	15	23S	36E		1980	S	1980	E	LEA	
			" 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	
J	15	23S	23S 36E 1980 S 1980 E				LEA			
¹² Dedicated Acres	¹³ Joint o	r Infill ¹⁴ (-			
40		Y								
				1						

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, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the avision. ∧
	NW/4 SE/4 Sec 15 (40 acres)		VANESSA NEAL Printed Name vanessa@faenergyus.com E-mail Address
	0	1980'	¹⁸ 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.
	1980'		Signature and Seal of Professional Surveyor:

	Er		te of New Mex and Natural Res	kico ources Departme	nt		nit Electronically E-permitting
		1220	onservation Di South St. Fran nta Fe, NM 87	cis Dr.			
	N	ATURAL G	AS MANA	GEMENT PI	LAN		
This Natural Gas Mana	gement Plan m	ust be submitted w	vith each Applicat	tion for Permit to D	Drill (APD) for a	a new o	r recompleted well.
			<u>1 – Plan D</u> Effective May 25,				
I. Operator:	FAE II Operat	ting, LLC	OGRID:	329326	Date:	05/1	6/2022
II. Type: Original	Amendment	due to □ 19.15.27	7.9.D(6)(a) NMA	C 🗆 19.15.27.9.D(6	6)(b) NMAC 🛛	Other	
If Other, please describe	e: Deepen M	Matkins #006 to Q	UEEN; DHC Jalr	nat & Langlie Matt	ix pools		
III. Well(s): Provide th be recompleted from a s					vells proposed to	o be dri	lled or proposed to
Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	F	Anticipated Produced Water BBL/D
MATKINS #006	30-025-10728	J-15-23S-36E	1980' FSL & 1980' FEL	2	53		27
MATKINS #005	30-025-10729	O-15-23S-36E	715' FSL & 1923' FEL	2	27		27
IV. Central Delivery P	oint Name:	M	ATKINS BATTE	RY	[See 19.15	.27.9(D)(1) NMAC]
V. Anticipated Schedu proposed to be recomple					ell or set of well	ls propo	used to be drilled or
Well Name	API	Spud Date	TD Reached Date	Completion Commencement			First Production Date
MATKINS #006	30-025-10728	8/22/2022	8/24/2022	8/25/2022	8/31/		9/1/2022
MATKINS #005	30-025-10729	8/11/2022	8/13/2022	8/14/2022	8/22/	2022	8/23/2022
VI. Separation Equipm VII. Operational Prac		-		-		-	
Subsection A through F	of 19.15.27.8 1	NMAC.					
VIII. Best Managemen during active and planne		-	ete description of	Operator's best m	anagement pra	ctices to	o minimize venting

.

Section 2 – Enhanced Plan EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

 \Box Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. \Box Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system \Box will \Box will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator \Box does \Box does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

□ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: \Box Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

<u>Section 3 - Certifications</u> <u>Effective May 25, 2021</u>

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

 \boxtimes 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

 \Box 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. \Box 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. \Box 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: 16 MAY 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.

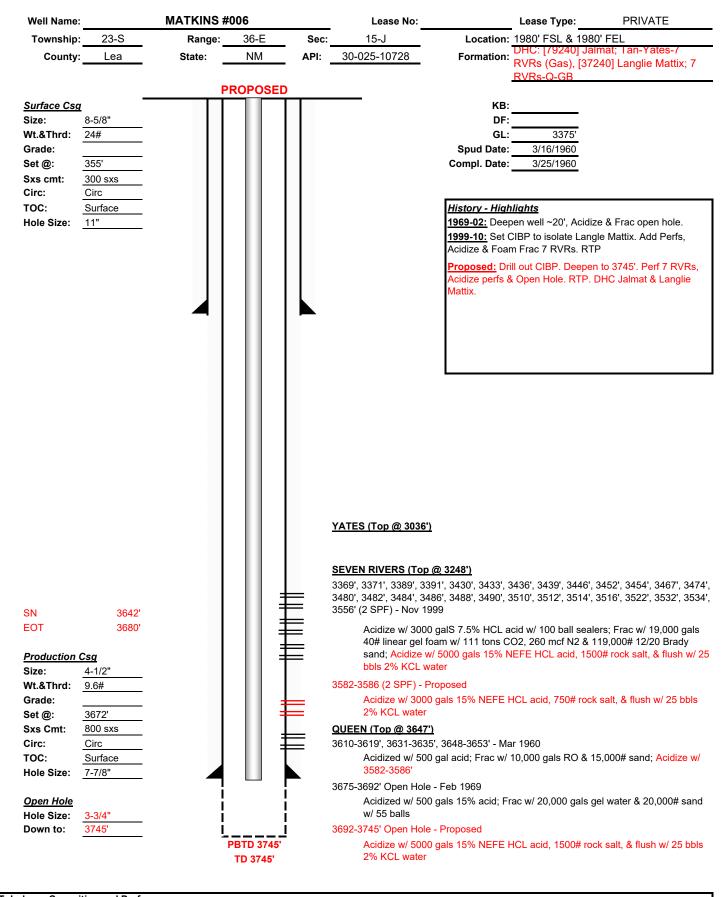
19.15.27.8 (F) Measurement or estimation of vented and flared natural gas

- 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
- 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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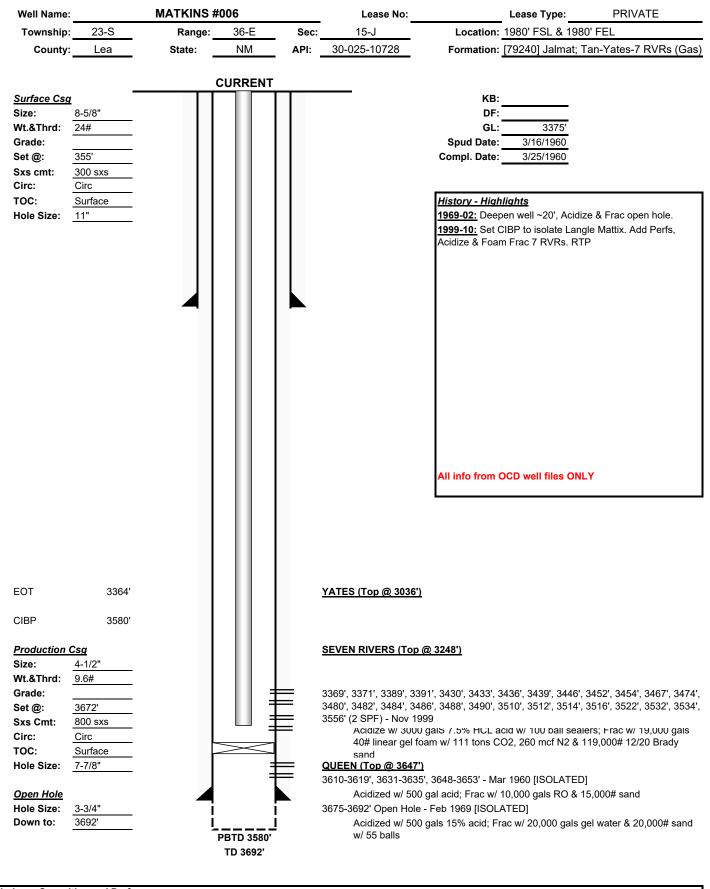


Tubulars - Capacities and Performance
2-3/8" 4.7# EUE 8rd J-55 Tubing (116 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug)

WBD_MATKINS #006_CURRENT_2022-04-29.xlsx

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Tubulars - Capacities and Performance	
2-3/8" Tubing	

WBD_MATKINS #006_CURRENT_2022-04-29.xlsx

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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

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 725	Action Number:
Houston, TX 77079	107290
	Action Type:
	[C-101] Drilling Non-Federal/Indian (APD)
	-

COMMENTS

Created By	Comment	Comment Date
pkautz	HOLD FOR NEW NGMP	5/25/2022

Page 12 of 13

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

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CONDITIONS

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 725	Action Number:
Houston, TX 77079	107290
	Action Type:
	[C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By		Condition Date
pkautz	REQUIRES DHC	5/26/2022

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