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

Pilotrict 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

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

☐AMENDED REPORT

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

	APPLICATION FOR PERMI	T TO DRILL, RE-ENT	ER. DEEPEN. PLUGBACK	. OR ADD A ZONE
--	-----------------------	--------------------	----------------------	-----------------

1. C	^{2.} OGRID Number				
F	329326				
11757	^{3.} API Number				
	Houston, TX 77079				
4. Property Code	^{6.} Well No.				
331161	#057				

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		
G	09	22S	36E		1980	N	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									County		
G	09	22S	36E		1980	N	1980	E	LEA		

9. Pool Information

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

Additional Well Information

11. Work Type	12.	Well Type	13. Cable/Rotary	14. Leas	e Type	15. Ground Level Elevation
D	D O		O R		5	3565'
16. Multiple 17. Proposed		oposed Depth	18. Formation	^{19.} Con	tractor	^{20.} Spud Date
YES 3930'		3930' QUEEN		TE	BD	5/15/2022
Depth to Ground water Distance from nearest fresh water well				Distance to n	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	12.25"	8.625"	24-28-32#	335'	300 sxs	Surface
Production	7.875"	5.5"	14-15.5-17#	3806'	300 sxs	2865' (log)
Open Hole	4.75"	n/a	n/a	3930'	n/a	n/a

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program

Туре	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				
19.15.14.9 (B) NMAC □, if applicabl	with 19.15.14.9 (A) NMAC ☐ and/or e.	Approved By:				
Signature:		P Kaut	7			
Printed name: VANESSA NEAD		Title:	/			
Title: SR RESERVOIR ENGINEER		Approved Date:	05/26/2022	Expiration Date: 05/26/2024		
E-mail Address: vanessa@faenergyus.cc	<u>om</u>					
Date: 19 April 2022	Phone: 832-219-0990	Conditions of App	proval 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				ool Code	Code ³ Pool Name					
30	30-025-20297			7240	L	ANGLIE MATT	TX; 7 RVRs-QU	EEN-GRAYBU	RG	
⁴ Property	Code			5	Property Name			⁶ We	⁶ Well Number	
33116	51			ST	ATE A A/C 2			i	#057	
⁷ OGRID No.				8	Operator Name			9 E	Clevation	
329326 FAE II OPERATING, 1					LLC		3	3565'		
¹⁰ Surface Location										
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
G	09	22S	36E		1980	N	1980	E	LEA	
			п Bottom	Hole Locati	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	
G	09	22S	36E		1980	N	1980	Е	LEA	
² Dedicated Acres	s 13 Joint o	r Infill 14	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				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
				heretofore entered by the division.
				4/19/2022
				Signature Date
				VANESSA NEAL
				Printed Name
		0	1980'	
	CYYLIA NIELIA		1980	vanessa@faenergyus.com
	SW/4 NE/4			E-mail Address
	Sec 09 (40 acres)			
				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.
				una correct to the best of my bettef.
				Date of Survey
				Signature and Seal of Professional Surveyor:
				, , , , , , , , , , , , , , , , , , ,
				Certificate Number
				Certificate Punificer

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:	FAE II Opera	ting, LLC	OGRID:	329326	I	Date: <u>05</u>	/25/2022
II. Type: ☐ Original	☐ Amendment	due to □ 19.15.27	7.9.D(6)(a) NMA	C □ 19.15.27.9.D(6)(b) NM	AC 🗵 Otho	er.
If Other, please describ	e: <u>Deepen</u> ~	-175 ft in State A	A/C 2 #057; DHO	C Jalmat & Langlie	Mattix po	ools	
III. Well(s): Provide the recompleted from a					vells prop	osed to be d	rilled or proposed to
Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticij Gas Mo		Anticipated Produced Water BBL/D
State A A/C 2 #057	30-025-20297	G-09-22S-36E	1980' FNL & 1980' FEL	5	30)	5
V. Anticipated Schedu proposed to be recomple					ell or set o	of wells prop	posed to be drilled or
	ıle: Provide the	following informa				-	posed to be drilled or
Well Name	API	Spud Date	TD Reached Date	Completion Commencement		Initial Flow Back Date	First Production Date
State A A/C 2 #057	30-025-20297	6/9/2022	6/12/2022	6/12/2022	Date	6/17/2022	6/18/2022
State A A/C 2 #037	30-023-20297	01712022	0/12/2022	0/12/2022		0/17/2022	0/10/2022
VII. Operational Prac Subsection A through B	ctices: ⊠ Attac	h a complete des		•	·	•	
VIII. Best Manageme during active and plann			ete description o	f Operator's best r	nanageme	ent practices	to 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.

☑ 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. 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 g	gas gathering system	will □ will not hav	e capacity to gather	100% of the anticip	ated natural gas
production volume from the well	prior to the date of first	production.			

XIII. Line Pressure. Operator \square does \square 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 p	lan to managa r	araduction	in recoonce to	the increased	lina proceura
Attach Unerator's n	ijan to manage r	aroduction	in response to	ine increased	line pressure

XIV. Confidentia	ity: 🗆 Operator	asserts confidentiality	y pursuant to	Section 7	1-2-8 NMSA	1978 for the	information	provided in
Section 2 as provi	ed in Paragraph (2	2) of Subsection D of	19.15.27.9 NM	IAC, and	attaches a full	description o	f the specific	information
for which confide	tiality is asserted	and the basis for such	assertion.					

Section 3 - Certifications Effective May 25, 2021

	211cm - May 26, 2021
Operator certifies that, a	after reasonable inquiry and based on the available information at the time of submittal:
one hundred percent of	to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering
hundred percent of the into account the current	able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. box, Operator will select one of the following:
Well Shut-In. □ Opera D of 19.15.27.9 NMAC	tor will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection; or
0 0	lan. □ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential
	es 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; reinjection for underground storage;
(e)	reinjection for underground storage; reinjection for temporary storage;
(f) (g)	reinjection for enhanced oil recovery;
(g) (h)	fuel cell production; and
(II) (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: 25 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</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.

30025202970000 BLACKBEARD

STATE A A/C-2 57 SPUD_DATE: 1/21/1964 T22S R36E S9

Log T22S R36E S9 Depth(ft) 3100-

3100-	
3150-	Yates
3200-	3200
3250-	
3300-	Seven R
3350-	

API	Source	Type	Top Perf	Btm Perf
30025202970000	CJH	ACTIVE	3137	3319
30025202970000	CJH	ACTIVE	3326	3572
30025202970000	CJH	INACTIVE	3755	3756
30025202970000	CJH	INACTIVE	3757	3758
30025202970000	CJH	INACTIVE	3765	3766
30025202970000	CJH	INACTIVE	3773	3774
30025202970000	CJH	INACTIVE	3780	3781
30025202970000	CJH	PROPOSED - OH	3806	3930

District I
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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**

CONDITIONS

Action 99785

CONDITIONS

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 725	Action Number:
Houston, TX 77079	99785
	Action Type:
	[C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By		Condition Date
pkautz	Notify 24 hrs prior to commencing work	5/26/2022