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**

☐AMENDED REPORT
_

CLOWER STATE #00 Control Co			^{1.} Operator Name a	nd Address				2. OGRID N		
Houston, TX 77079 Property Name 30-025-23536 316721 CLOWER STATE Surface Location UL-Lot Section Township Range Lot Idn Feet from NS Line Feet from EW Line 1 20 228 37E Lot Idn Feet from NS Line Feet from EW Line 20 228 37E Lot Idn Feet from NS Line Feet from EW Line 1 20 228 37E Lot Idn Feet from NS Line Feet from EW Line 1 20 228 37E Lot Idn Feet from NS Line Feet from EW Line 2310 S 990 E Proposed Bottom Hole Location Very Normal State Peet from Peet from NS Line Feet from EW Line 2310 S 990 E Proposed Information Post Name JALMAT; TANSILL-YATES-7 RVRS/ LANGLIE MATTIX, 7 RVRS-QUEEN-GRAYPBURG Additional Well Information "Work Type Well Type "Well Type "ScalableRotary "Lease Type "Graum "Multiple "Proposed Depth "Formation "Contenter 32 "Multiple "Proposed Depth "Information "Contenter 32 "We will be using a closed-loop system in lieu of lined pits 21 Proposed Casing and Cement Program Type Hole Size Casing Size Casing Weight/ff Setting Depth Sacks of Cement Surface 12.25" 8.625" 24# 355' 225 sxs Production 7.875" 5.5" 14# 3890' 400 sxs Casing/Cement Program: Additional Comments 22 Proposed Blowout Prevention Program Type Working Pressure Test Pressure Mann, Double Ram 3,000# 3,000# Unk Proposed Daylor Approved Date: 05/26/2022 Expinsion Dat										
Property Code										
Continual Con			,	5. Proper			l		^{6.} Well No.	
UL - Lot Section Township Range Lot ldin Feet from NS Line Section Peet From EW Line Section Township Range Lot ldin Feet from NS Line Section Township Range Lot ldin Feet from NS Line Feet From EW Line Location	3167	21							#001	
1 20 22S 37E 2310 S 990 E										
## Proposed Bottom Hole Location ULI-Lot	JL - Lot								1	
	l	20 22	S 37E				990	<u> </u>	LEA	
Pool Information Pool Name JALMAT; TANSILL-YATES-7 RVRS/ LANGLIE MATTIK; 7 RVRS-QUEEN-GRAYBURG	JL - Lot	Section Towns	ship Range	<u> </u>	1		Feet From	E/W Line	County	
**Pool Information Pool Name	1								LEA	
JALMAT; TANSILL-YATES-7 RVRS/ LANGLIE MATTIX; 7 RVRS-QUEEN-GRAYBURG Additional Well Information 11. Work Type	'	ZO ZZ	0 072	L.		Ü	330		LL/\	
Additional Well Information Note					Illation				Pool Code	
Additional Well Information Additional Well Information				ИАТ; TANSILL-YAT					79240/	
11. Work Type			LANGLIE M	IATTIX; 7 RVRS-QI	JEEN-GRA	YBURG			37240	
A CORMANDER STANDARD				Additional Wel	l Informatio	on				
18		Гуре			-	1			15. Ground Level Elevation	
YES 3900° JALMAT TBD 9/1 Depth to Ground water Distance from nearest fresh water well Distance to nearest surface water will be using a closed-loop system in lieu of lined pits 21. Proposed Casing and Cement Program Type Hole Size Casing Size Casing Weight/ft Setting Depth Sacks of Cement Surface 12.25" 8.625" 24# 355' 225 sxs Production 7.875" 5.5" 14# 3890' 400 sxs Casing/Cement Program: Additional Comments 12. Proposed Blowout Prevention Program Type Working Pressure Test Pressure Manu Double Ram 3,000# Unk 13. 1 hereby certify that the information given above is true and complete to the best of my knowledge and belief. further certify that I have complied with 19.15.14.9 (A) NMAC □ and/or 9.15.14.9 (B) MAC □, if applicable. ignature: Cittle: SR RESERVOIR ENGINEER Approved Date: 05/26/2022 Expiration Date: 05/26/2024		ple							3371'	
We will be using a closed-loop system in lieu of lined pits 21. Proposed Casing and Cement Program Type Hole Size Casing Size Casing Weight/ft Setting Depth Sacks of Cement Surface 12.25" 8.625" 24# 355' 225 sxs Production 7.875" 5.5" 14# 3890' 400 sxs Casing/Cement Program: Additional Comments **Type Working Pressure Test Pressure Manual Double Ram 3,000# Unk **Thereby certify that the information given above is true and complete to the best fmy knowledge and belief. further certify that I have complied with 19.15.14.9 (A) NMAC and/or signature: **Thereby certify that I have complied with 19.15.14.9 (A) NMAC and/or Approved By: **Proposed By MAC and/or Approved Date: 05/26/2022 Expiration Date: 05/26/2022 Expi		•		JAL	MAT	AT TBD			9/12/2022	
Type Hole Size Casing Size Casing Weight/ft Setting Depth Sacks of Cement Surface 12.25" 8.625" 24# 355' 225 sxs Production 7.875" 5.5" 14# 3890' 400 sxs Casing/Cement Program: Additional Comments Casing/Cement Program: Additional Comments Type Working Pressure Test Pressure Mant Double Ram 3,000# 3,000# Unk 1 Thereby certify that the information given above is true and complete to the best of my knowledge and belief. further certify that I have complied with 19.15.14.9 (A) NMAC and/or 9.15.14.9 (B) MAC if applicable. ignature: Printed name: VANESSA NEAL Title: Approved Date: 05/26/2022 Expiration Date: 05	Depth to Ground water Distance from nearest fresh water						Dista	nce to nearest surf	ace water	
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3. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. (a further certify that I have complied with 19.15.14.9 (A) NMAC and/or 19.15.14.9 (B) NMAC, if applicable. (b) Signature: (b) Further certify that I have complied with 19.15.14.9 (A) NMAC and/or 19.15.14.9 (B) NMAC. (c) Further certify that I have complied with 19.15.14.9 (A) NMAC. (d) Title: SR RESERVOIR ENGINEER (o) IL CONSERVATION DIVISION Approved By: (e) Further certify that I have complied with 19.15.14.9 (A) NMAC. (f) Title: SR RESERVOIR ENGINEER (o) IL CONSERVATION DIVISION Approved By: (f) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Title: SR RESERVOIR ENGINEER (o) IL CONSERVATION DIVISION Approved By: (f) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Further certify that I have complied with 19.15.14.9 (A) NMAC. (h) Approved By: (h) Approved By: (h) Approved Date: (h) Approved Date:	Do			3,000#					Unknown	
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further certify that I have complied with 19.15.14.9 (A) NMAC and/or 9.15.14.9 (B) NMAC , if applicable. Signature: Printed name: VANESSA NEAL Title: Citle: SR RESERVOIR ENGINEER Approved Date: 05/26/2022 Expiration Date: 05/26/2022	I hereby certi	fy that the inforn	nation given above is tru-	e and complete to the bo	est	OIL	CONSERV	ATION DIV	ISION	
Printed name: VANESSA NEAL Title: Citle: SR RESERVOIR ENGINEER Approved Date: 05/26/2022 Expiration Date: 05	urther certif	y that I have co	mplied with 19.15.14.9	(A) NMAC 🔲 and/or						
Printed name: VANESSA NEAL Title: Citle: SR RESERVOIR ENGINEER Approved Date: 05/26/2022 Expiration Date: 05		YMAC □, if ap	plicable.							
Title: SR RESERVOIR ENGINEER Approved Date: 05/26/2022 Expiration Date: 05		<u> </u>			PK	autz				
	nted name: V	ANESSA NEAI	•		Title:	0		_		
	le: SR RESE	RVOIR ENGINE	EER		Approve	ed Date: 05/2	26/2022	Expiration Date	e: 05/26/2024	
E-mail Address: vanessa@faenergyus.com	ic. bit itebe									
Date: 20 APR 2022 Phone: 832-219-0990 Conditions of Approval Attached		vanessa@faener	rgyus.com							

¹ API Number

<u>District I</u> 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

<u>District IV</u> 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

³ Pool Name

WELL LOCATION AND ACREAGE DEDICATION PLAT

² Pool Code

30-	-025-235	36 79240 JALMAT; TANSILL-YATES-7 RVRS (GAS)					S)				
⁴ Property (Property Code 5 Property Name 6 Well N					ell Number					
31672	1			CLC	WER STATE	•		:	#001		
⁷ OGRID	No.			8 (Operator Name			9 I	Elevation		
32932	6			FAE II C	PERATING,	LLC		3	3371'		
	¹⁰ Surface Location										
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		
I	20	22S	37E		2310	S	990	E	LEA		
			11 Bottom	Hole Locati	on If Differe	ent From Sur	face				
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		
I	20	22S	37E		2310 S 990 E			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				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 Nivisibn.
				04/20/2022
				VV Di
				Signature Date
				VANESSA NEAL
				Printed Name
				vanessa@faenergyus.com E-mail Address
				L-man Address
				18SURVEYOR CERTIFICATION
	SE/4			
	Sec 20 (160 acres)	`	990'	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.
				unit correct to the cost of my condy.
				Date of Survey
			2310	Signature and Seal of Professional Surveyor:
			23	
				Certificate Number

¹ API Number

³ Joint or Infill

Y

Consolidation Code

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

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

² Dedicated Acres

40

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

LEA

990

WELL LOCATION AND ACREAGE DEDICATION PLAT

² Pool Code

30	30-025-23536			7240		LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG				
⁴ Property	Code		•	5	Property Name		ell Number			
31672	1			CLC	OWER STATE	,		į	#001	
7 OGRID	No.			8	Operator Name			9 F	Elevation	
32932	6			FAE II C	PERATING,	LLC		3	3371'	
	¹⁰ Surface Location									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County	
1	20	22S 37E 2310 S 990				E	LEA			
	" Bottom Hole Location If Different From Surface									
UL - Lot	Section	Township Range Lot Idn Feet from N/S Line Feet From				Feet From	E/W Line	County		

2310

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.

Order No.

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 heretofor entered by the division. O4/20/2022 Signature Date VANESSA NEAL Printed Name
	NE/4 SE/4 Sec 20 (40 acres)	990,	vanessa@faenergyus.com E-mail Address 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.
		2310°	Date of Survey Signature and Seal of Professional Surveyor: 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:	FAE II Operat	ting, LLC	OGRID:	329326		_Date:	03/30	0/2022	
II. Type: ☐ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☒ Other.									
If Other, please describe	f Other, please describe: Add Perfs & Acidize YATE-7 RVRS-QUEEN in Clower State #001; DHC Jalmat & Langlie Mattix pools								
III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.									
Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D			nticipated Anticipat as MCF/D Produced V BBL/D		
CLOWER STATE #001	30-025-23536	I-20-22S-37E	2310' FSL & 910' FEL	5		30		5	
<u> </u>			<u> </u>						
IV. Central Delivery Point Name: CLOWER STATE BATTERY [See 19.15.27.9(D)(1) NMAC] V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.									
Well Name	API	Spud Date	TD Reached Date	Completion Commencement		Initial F Back D		First Production Date	
CLOWER STATE #001	30-025-23536	9/12/2022	9/12/2022	9/12/2022		9/19/20)22	9/20/2022	
VI. Separation Equipment: Attach a complete description of how Operator will size separation equipment to optimize gas capture. VII. Operational Practices: Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.									
VIII. Best Managemen		-	lete description of	`Operator's best m	nanagen	nent pract	ices to	minimize venting	

4 DI

<u>Section 2 — Ennanced Plan</u> <u>EFFECTIVE APRIL 1, 2022</u>									
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 Na	tural Gas Producti	on:							
W	Well API Anticipated Average Anticipated Volume of Natural Gas Rate MCF/D Gas for the First Year MC								
X. Natural Gas Ga	thering System (NO	GGS):							
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 gas gathering system □ will □ 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 □ does □ does not anticipate that its existing well(s) connected to the same segment, or portion, of the									
			ne increased line pressure.	line pressure caused by the new well(s).					
XIV. Confidentiali Section 2 as provide	ty: ☐ Operator as ed in Paragraph (2) o	serts confidentiality purs	uant to Section 71-2-8 NMS 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

	<u>=====================================</u>
Operator certifies that, a	fter 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 a 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. ☐ Operat D of 19.15.27.9 NMAC	for will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection or
	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) (d)	compression on lease; liquids removal on lease;
(u) (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: 20 APR 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.
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- All equipment will be maintained to provide highest run-time possible.
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- All procedures are drafted to keep venting to the absolute minimum.

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 Operat	ting, LLC	OGRID:	329326	I	Date:	05/25/2022			
II. Type: ☐ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☒ Other.										
If Other, please describe	If Other, please describe: Add Perfs & Acidize YATE-7 RVRS-QUEEN in Clower State #001; DHC Jalmat & Langlie Mattix pools									
III. Well(s): Provide the be recompleted from a s					vells prop	osed to l	oe drilled or proposed to			
Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticij Gas Mo		Anticipated Produced Water BBL/D			
CLOWER STATE #001	30-025-23536	I-20-22S-37E	2310' FSL & 910' FEL	5	30)	5			
IV. Central Delivery P	oint Name:	CLO	WER STATE BAT	<u> </u>	[See	19.15.27	7.9(D)(1) NMAC]			
V. Anticipated Schedu proposed to be recomple					rell or set o	of wells _l	proposed to be drilled or			
Well Name	API	Spud Date	TD Reached Date	Completion Commencement		Initial F Back D				
CLOWER STATE #001	30-025-23536	9/12/2022	9/12/2022	9/12/2022		9/19/202	22 9/20/2022			
VI. Separation Equipm	nent: ⊠ Attach	i a complete desc	ription of how Ope	rator will size sep	aration eq	quipment	t to optimize gas capture.			
VII. Operational Prac Subsection A through F			scription of the act	ions Operator will	l take to o	comply v	with the requirements of			
VIII. Best Management during active and planner			lete description of	Operator's best n	nanageme	ent practi	ces to minimize venting			

Section 2 – Enhanced Plan <u>EFFECTIVE APRIL 1, 2022</u>

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. \square Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connections	ing the
production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capa	city 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).

$\overline{}$		_	_					
ΙI	Attach Or	nerator's	nlan to	manage r	roduction	in response	to the increa	sed line pressure

XIV. Confidentiality: Operator asserts confiden	tiality pursuant to Section	1 71-2-8 NMSA 1978	8 for the information	provided ir
Section 2 as provided in Paragraph (2) of Subsection I	O of 19.15.27.9 NMAC, at	nd attaches a full desc	cription of the specific	information
for which confidentiality is asserted and the basis for s	such assertion.			

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

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: power generation on lease; (a) **(b)** power generation for grid; compression on lease; (c) (d) liquids removal on lease; reinjection for underground storage; (e) reinjection for temporary storage; **(f)** reinjection for enhanced oil recovery; (g) fuel cell production; and (h) other alternative beneficial uses approved by the division. (i)

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.
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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**

COMMENTS

Action 100108

COMMENTS

Operator:	OGRID:
FORTY ACRES ENERGY, LLC	371416
11757 Katy Frwy	Action Number:
Houston, TX 77056	100108
	Action Type:
	[C-101] Drilling Non-Federal/Indian (APD)

COMMENTS

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

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pkautz	REQUIRES DHC PRIOR TO PRODUCING COMMINGLED	5/26/2022