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.

☐AMENDED REPORT

| Phone: (303) 4/6-3 | 400 Fax: (505 | 5) 470-3402 | | | Santa | Fe, NM 8 | 37505 | | | | |
|----------------------------------|-----------------|-------------|------------------------------------|------------|--|--------------------------|-----------|---------------------------|--------------------|----------------------------|----------------------------|
| APPLIC | ATIO | N FOR I | PERMIT TO | | LL, RE-ENT | TER, DEI | EPEN, 1 | PLUGBAC | CK, OR Al | | |
| | | | • | | | | | | 32932 | | |
| | | 11 | FAE II Opera 1757 Katy Freew | | | | | | 3. API Nu | | |
| | | | Houston, TX | | | | | | 30-025-3 | | |
| | rty Code 764 | | | | 3. Property Na E C HILL | | | | | ^{6.} Well #00 | |
| | | | | | 7. Surface Loca | | | | | ,,,,, | |
| UL - Lot | Section | Township | Range | Lot | | | /S Line | Feet From | E/W Lin | e | County |
| J | 27 | 23S | 37E | | 1340 | | s | 1980 | Е | | LEA |
| | | 4 | • | 8. Pro | oposed Bottom | Hole Locat | ion | | 4 | | |
| UL - Lot | Section | Township | Range | Lot | Idn Feet from | m N | S Line | Feet From | E/W Lin | e | County |
| J | 27 | 23S | 37E | | 1340 |) | S | 1980 | Е | | LEA |
| | | | | | 9. Pool Informa | ation | | | | | |
| | J | ALMAT; T | ANSILL-YATES | S-7 RVR | Pool Name S / LANGLIE MA | ATTIX; 7 R\ | /RS-Q-GF | RAYBURG | | | Pool Code 33820 / 37240 |
| | | | | Add | litional Well Inf | formation | | | | | |
| 11. Worl | | | 12. Well Type | | 13. Cable/Ro | otary | | ^{14.} Lease Type | | 15. Ground Level Elevation | |
| 16. Mu | | | O 17. Proposed Depth | | | | | | 3266' Spud Date | | |
| YE | | | 5940' | | | | | | | 15/2022 | |
| Depth to Groun | nd water | l . | Dista | nce from 1 | nearest fresh water well Distance to nearest surface w | | | | | face wa | iter |
| | | | | | | | | | | | |
| ⊠We will be u | ising a clo | osed-loop s | ystem in lieu of l 21. p | _ | s d Casing and C | ement Pro | gram | | | | |
| Туре | Hol | e Size | Casing Size | | sing Weight/ft | | | | of Cement | | Estimated TOC |
| Surface | | 11" | 8.625" | | 28# | 1131' | | | 550 sxs | | Surface |
| Production | 7.8 | 375" | 5.5" | | 17# | 5940' | | 1650 sxs | | Surface | |
| | | | | | ,, | | | | | | |
| | | <u> </u> | Casing | /Cemer | nt Program: Ad | <u> </u> ditional Co | mments | | | | |
| | | | | | V | | | | | | |
| | | | 22. P | ropose | d Blowout Prev | ention Pro | gram | | | | |
| | Type | | V | Working I | Pressure | | Test Pres | sure | | Manufacturer | |
| Do | ouble R | am | | 3,00 | 0# | | 3,000 |)# | | Unk | known |
| | | | | | | | | | | | |
| of my knowled | lge and bel | lief. | n given above is tru | | • | | OIL | CONSERV. | ATION DIV | VISIC | N |
| 1 further cert 19.15.14.9 (B) | | | ed with 19.15.14.9 ible. | 7 (A) NM | AC □ and/or | Approved B | y: | | | | |
| Signature: | | - \\/\\ | | | | P Kai | | | | | |
| Printed name: | VANESSA | A NEAL | | | | Title: | 0 | | | | |
| Title: SR RES | ERVOIR I | ENGINEER | | | | Approved D | ate: 05/2 | 6/2022 | Expiration Da | te: 0 5 | 5/26/2024 |
| E-mail Addres | s: vanessa | @faenergyus | s.com | | | | | | | | |

Conditions of Approval Attached

Phone: 832-219-0990

Date: 20 APR 2022

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 <u>District II</u> 811 S. First St., Artesia, NM 88210

Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u> 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

12 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

² Pool Code

| 30 | 0-025-334 | 49 | 33820 JALMAT; TANSILL-YATES-7 RVRS | | | | | | | | |
|-----------------------|--------------------------------|----------|------------------------------------|-------------|---------------|--------------|-----------------|--------------------------|-----------|--|--|
| ⁴ Property | Code | | • | 5] | Property Name | | ⁶ We | ⁶ Well Number | | | |
| 33076 | 54 | | | ΕC | HILL A #005 | | | i | #005 | | |
| 7 OGRID | No. | | | 8 (| Operator Name | | | 9 E | Clevation | | |
| 32932 | FAE II OPERATING, LLC 3266 | | | | | 3266' | | | | | |
| | ¹⁰ Surface Location | | | | | | | | | | |
| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County | | |
| J | 27 | 23S | 37E | | 1340 | S | 1980 | 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 | | |
| J | 27 | 23S | 37E | | 1340 | S | 1980 | E | LEA | | |

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.

⁵ Order No.

| 16 | | | 17 ODED A TOD CEDTIFICATION |
|-------------------|----------|-------|--|
| | | | 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 intered by the division |
| | | | 02/21/2022 |
| | | | |
| | | | Signature Date |
| | | | VANESSA NEAL |
| | | | Printed Name |
| | | | |
| | | | 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 |
| NW/4 SE/4 | | | |
| Sec 27 (40 acres) | | | me or under my supervision, and that the same is true |
| Sec 27 (40 deres) | | | and correct to the best of my belief. |
| | | | |
| | 0 | | D |
| | <u> </u> | 1980' | Date of Survey |
| | | | Signature and Seal of Professional Surveyor: |
| | | | |
| | | | |
| | 1340' | | |
| | [- | | |
| | | | |
| | | | Certificate Number |
| | | | |

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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 Numbe | ¹ API Number | | ² Pool Code ³ Pool Name | | |
|----------------------------|-------------------------|---------------|---|--------------------------|--|
| 30-025-33449 | | 37240 | LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG | | |
| ⁴ Property Code | ⁵ Pro | | operty Name | ⁶ Well Number | |
| 330764 | | ECH | HILL A #005 | #005 | |
| ⁷ OGRID No. | 8 OI | | perator Name | ⁹ Elevation | |
| 329326 | | PERATING, LLC | 3266' | | |
| | | 10 Surfa | ice Location | | |

| | | | | ~ ••• | race Eccario | | | | |
|--------------------|--|-------------|--------------------|--------------|--------------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
| J | 27 | 23S | 37E | | 1340 | S | 1980 | 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 |
| J | 27 | 23S | 37E | | 1340 | S | 1980 | E | LEA |
| 12 Dedicated Acres | 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, |
| | | | | | or to a voluntary pooling agreement or a compulsory pooling order |
| | | | | | heretofore entered by the division. |
| | | | | | 02/21/2022 |
| | | | | | Signature Date |
| | | | | | |
| | | | | | VANESSA NEAL Printed Name |
| | | | | | Printed Name |
| | | | | | 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 |
| | NW/4 SE/4 | | | | me or under my supervision, and that the same is true |
| | Sec 27 (40 acres) | | | | |
| | | | | | and correct to the best of my belief. |
| | | | | | |
| | | (| > | 1980' | Date of Survey |
| | | | i ' | 1700 | Signature and Seal of Professional Surveyor: |
| | | | | | |
| | | | | | |
| | | | 1340' | | |
| | | | 132 | | |
| | | | | | |
| | | | | | 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 <u>Effective May 25, 2021</u>

| I. Operator: | FAE II Opera | ting, LLC | OGRID: | 329326 | Date: | 05/25/2022 |
|---|--------------------------------------|-------------------------------------|--------------------------|----------------------------|--------------------------|--|
| II. Type: ☐ Original [| ☐ Amendment | due to □ 19.15.27 | 7.9.D(6)(a) NMAC | C □ 19.15.27.9.D(| 6)(b) NMAC ⊠ | Other. |
| If Other, please describe | e: Add perf | s & acidize JALM | IAT & LANGLIE | MATTIX pools in | n the E C HILL A | <u> </u> #005 |
| III. Well(s): Provide the be recompleted from a s | | | | | 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 |
| E C HILL A #005 | 30-025-33449 | J-27-23S-37E | 1340' FSL & 1980' FEL | 10 | 10 | 10 |
| proposed to be recomple | le: Provide the | following informagle well pad or co | ation for each new | al delivery point. | ell or set of wells | s proposed to be drilled or |
| Well Name | API | Spud Date | TD Reached Date | Completion Commencement | | |
| E C HILL A #005 | 30-025-33449 | 7/15/2022 | 7/18/2022 | 7/20/2022 | 7/23/2 | 022 7/24/2022 |
| VII. Operational Prac Subsection A through F | etices: ⊠ Attac f of 19.15.27.8 i | h a complete des | cription of the act | ions Operator wil | l take to comply | nt to optimize gas capture. with the requirements of |
| VIII. Best Management during active and planner | | | ete description of | Operator's best n | nanagement prac | tices 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. 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 hav | e capacity to gather | 100% of the anticipa | ıted natural gas |
|---------------------------------|------------------------------|---------------------|----------------------|----------------------|------------------|
| production volume from the well | prior to the date of first p | 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 plan to manage production in response to the increase | ced line precente |
|---|-------------------|

| XIV. Confidentiality: 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. |

Section 3 - Certifications Effective May 25, 2021

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.</p>
- 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

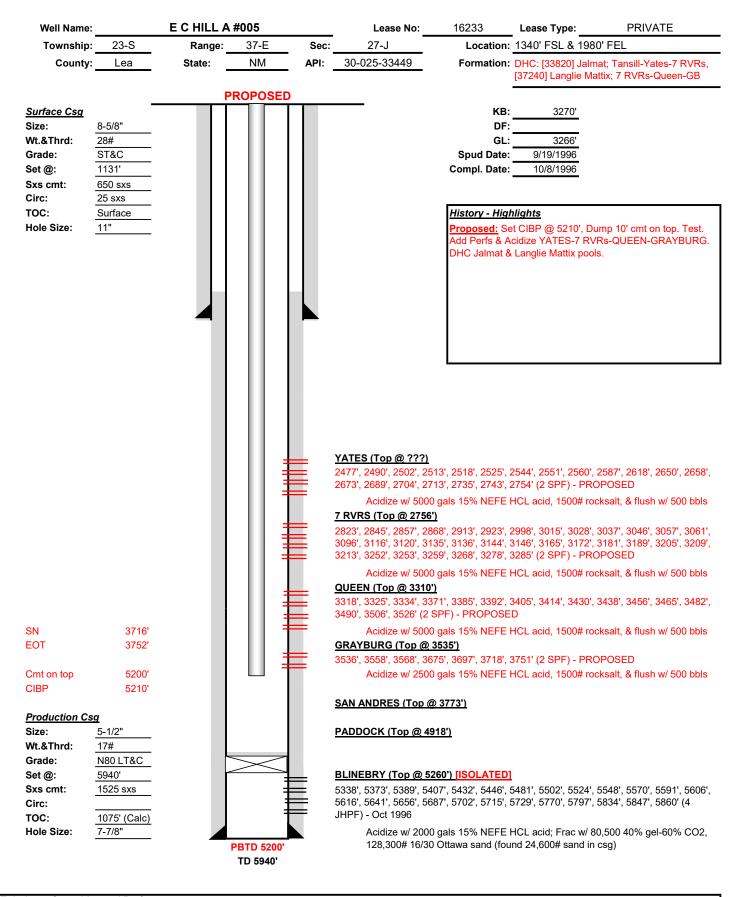
- Production equipment will be designed to handle maximum anticipated rates and pressure.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. 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

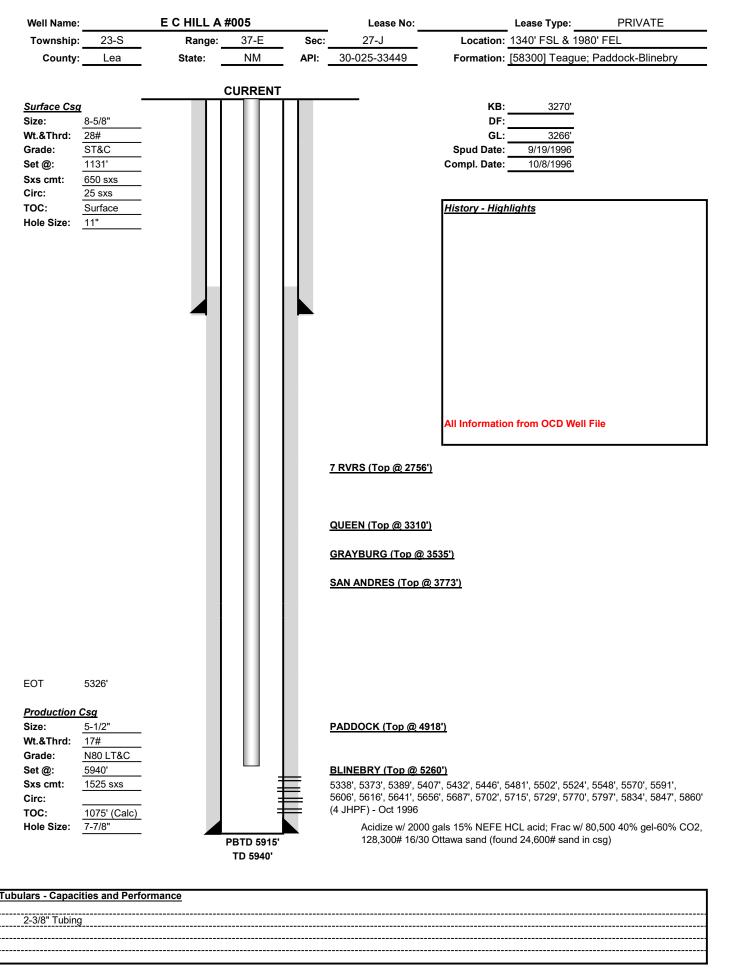
- All gas from wellhead and treater will be routed to a sales outlet.
- When metering is not practical due to low pressure/low rate (<60 MCFPD), the vented volume will be estimated based on annual GOR.

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.



| Tubulars - Capacities and Performance |
|--|
| 2-3/8" 4.7# J-55 EUE 8rd Tubing (115 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug) |
| 9 |
| |
| |



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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 100125

CONDITIONS

| Operator: | OGRID: |
|--|--|
| FAE II Operating LLC | 329326 |
| 11757 Katy Freeway, Suite 725 Houston, TX 77079 | Action Number: 100125 |
| | Action Type: [C-101] Drilling Non-Federal/Indian (APD) |

CONDITIONS

| Created By | Condition | Condition Date |
|---------------|---|-------------------|
| pkautz | Will require a administrative order for non-standard location prior to placing the well on production | 5/26/2022 |
| pkautz | Will require a administrative order for DHC | 5/26/2022 |