

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

☐ AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

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

¹ Operator Name and Address FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079		² OGRID Number 329326
		³ API Number 30-025-08858
⁴ Property Code 302433	⁵ Property Name STATE A A/C 2	⁶ Well No. #039

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
C	09	22S	36E		990	N	1650	W	LEA

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
C	09	22S	36E		990	N	1650	W	LEA

⁹ Pool Information

Pool Name EUNICE; 7 RVRS-QUEEN, SOUTH	Pool Code 24130
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Additional Well Information

¹¹ Work Type E	¹² Well Type O	¹³ Cable/Rotary R	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 3563'
¹⁶ Multiple NO	¹⁷ Proposed Depth 3842'	¹⁸ Formation 7 RVRS-QUEEN	¹⁹ Contractor TBD	²⁰ Spud Date 11/17/2022
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits²¹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17"	13.375"	48#	243'	250 sxs	Surface
Intermediate	12.25"	9.625"	36#	3029'	2000 sxs	Surface
Production	8.75"	7"		3929'	200 sxs	2650 (est)

Casing/Cement Program: Additional Comments

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²² Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3,000#	3,000#	Unknown

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
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:

Printed name: VANESSA NEAL

Title: SR RESERVOIR ENGINEER

E-mail Address: vanessa@faenergyus.com

Date: 26 SEP 2022

Phone: 832-219-0990

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date:

Expiration Date:

Conditions of Approval 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 30-025-08858	² Pool Code 24130	³ Pool Name EUNICE; 7 RVRs-QUEEN, SOUTH
⁴ Property Code 302433	⁵ Property Name STATE A A/C 2	⁶ Well Number #039
⁷ OGRID No. 329326	⁸ Operator Name FAE II OPERATING, LLC	⁹ Elevation 3583' DF

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
C	09	22S	36E		990	N	1650	W	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
C	09	22S	36E		990	N	1650	W	LEA

¹² Dedicated Acres 40	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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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>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.</i> Signature _____ Date 9/26/2022 VANESSA NEAL Printed Name vanessa@faenergyus.com E-mail Address
				¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____
	NE/4 NW/4 Sec 09 (40 acres)			

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 Operating, LLC **OGRID:** 329326 **Date:** 09/26/2022

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: Re-Enter State A A/C 2 #039; Complete in Eunice South Pool

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	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
STATE A A/C 2 #039	30-025-08858	C-09-22S-36E	990' FNL & 1650' FWL	5	5	5

IV. Central Delivery Point Name: STATE A A/C 2 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 Date	Initial Flow Back Date	First Production Date
STATE A A/C 2 #039	30-025-08858	11/17/2022	11/20/2022	11/21/2022	11/30/2022	12/1/2022

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 Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

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 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 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: ☐ 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

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

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

If Operator checks this box, Operator will select one of the following:

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

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

Section 4 - Notices

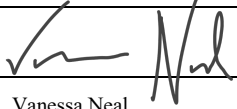
1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

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

Signature: 
Printed Name: Vanessa Neal
Title: Sr. Reservoir Engineer
E-mail Address: vanessa@faenergyus.com
Date: 26 SEP 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 well 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 well 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.

Well Name: STATE A A/C 2 #039 API: 30-025-08858 Lease Type: STATE
 Location: 990' FNL & 1650' FWL T-R-Sec-Spot-Lot: 22S-36E-09-C Lease No: _____
 Formation(s): [24130] EUNICE; 7 RVRs-QUEEN, SOUTH County/State: Lea, NM

Surface Csg

Size: 13-3/8"
 Wt.&Thrd: 48#
 Grade: _____
 Set @: 243'
 Sxs cmt: 250 sxs
 Circ: _____
 TOC: _____
 Hole Size: 15"

Intermediate Csg

Size: 9-5/8"
 Wt.&Thrd: 36#
 Grade: _____
 Set @: 3029'
 Sxs cmt: 2000 sxs
 Circ: _____
 TOC: _____
 Hole Size: 12-1/4"

Production Csg

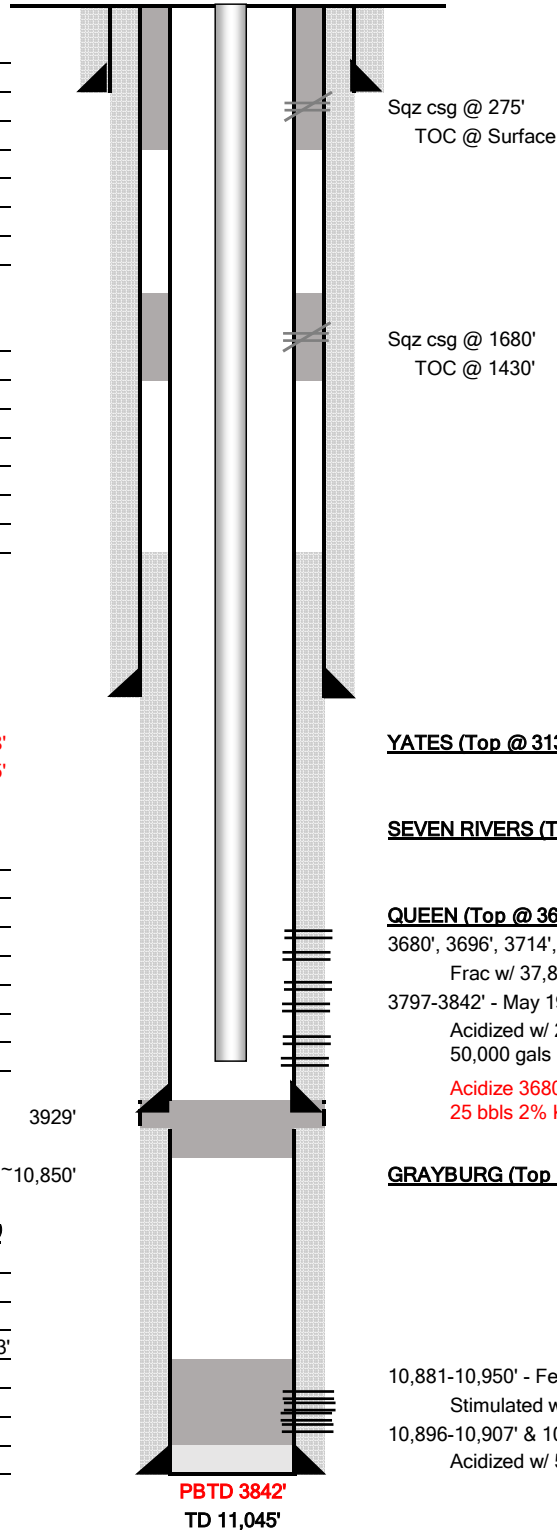
Size: 7"
 Wt.&Thrd: _____
 Grade: _____
 Set @: 3929'
 Sxs Cmt: 200 sxs
 Circ: _____
 TOC: 2650' (est)
 Hole Size: 8-3/4"

75 sxs cmt plug 3929'

75 sxs cmt plug ~10,850'

Production Csg (Pulled)

Size: 5-1/2"
 Wt.&Thrd: 17#
 Grade: _____
 Set @: 3967-11,033'
 Sxs Cmt: 400 sxs
 Circ: _____
 TOC: _____
 Hole Size: 8-3/4"

PROPOSED

KB: _____
 DF: 3573'
 GL: 3563'
 Spud Date: 2/14/1948
 Compl. Date: 8/17/1948

History - Highlights

1948-08: D&C well.
1949-02: Re-Perf
1949-05: Dump 75 sxs cmt on bottom. Cut & pull 5-1/2" csg. Cmt plug @ 4100'. Run 7" csg. Add perfs & acidize 7 RVRs-QUEEN.
1956-05: Switch artificial lift from gas lift to pump & rod.
1966-01: Add Perfs, Acidize & Frac 7 RVRs-QUEEN
1983-02: Well shut-in
1994-04: Well TA'd
1999-05: Pressure test csg
2006-08: P&A Well
PROPOSED: Re-enter well, DO & CO to PBTD. Acidize perfs & RTP

Tubulars - Capacities and Performance

2-3/8" 4.7# 8rd EUE Tubing (~120 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug)

Well Name: STATE A A/C 2 #039 API: 30-025-08858 Lease Type: STATE
 Location: 990' FNL & 1650' FWL T-R-Sec-Spot-Lot: 22S-36E-09-C Lease No: _____
 Formation(s): [24130] EUNICE; 7 RVRs-QUEEN, SOUTH County/State: Lea, NM

Surface Csg

Size: 13-3/8"
 Wt.&Thrd: 48#
 Grade: _____
 Set @: 243'
 Sxs cmt: 250 sxs
 Circ: _____
 TOC: _____
 Hole Size: 15"

Intermediate Csg

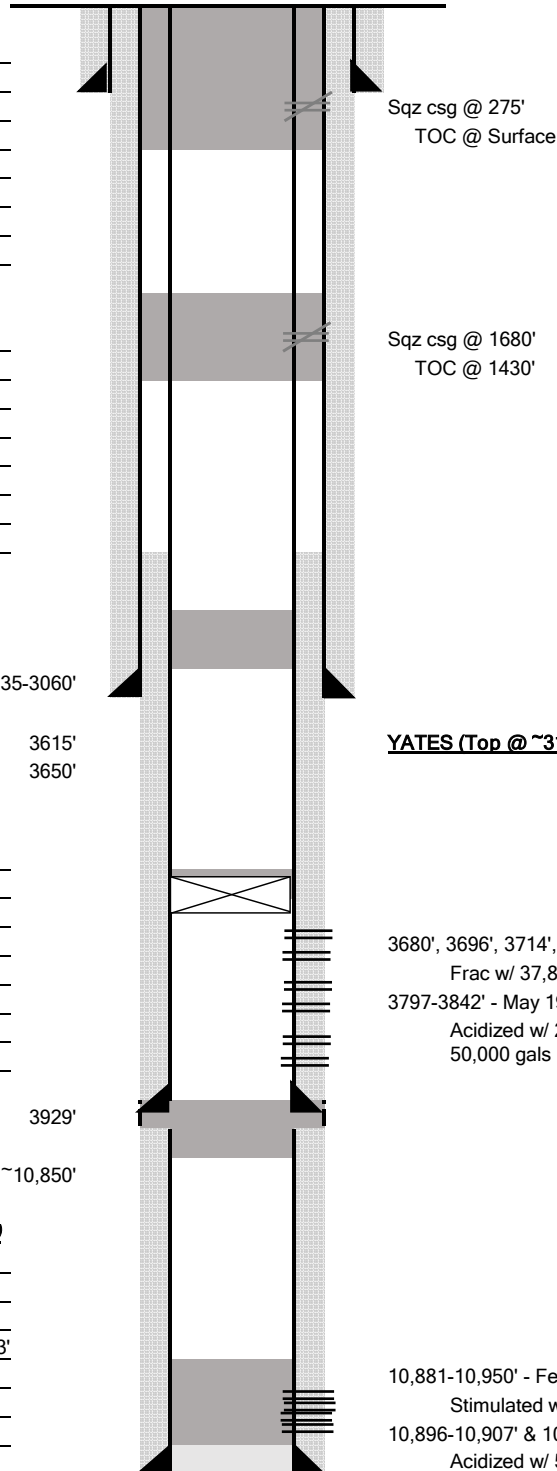
Size: 9-5/8"
 Wt.&Thrd: 36#
 Grade: _____
 Set @: 3029'
 Sxs cmt: 2000 sxs
 Circ: _____
 TOC: _____
 Hole Size: 12-1/4"

Production Csg

Size: 7"
 Wt.&Thrd: _____
 Grade: _____
 Set @: 3929'
 Sxs Cmt: 200 sxs
 Circ: _____
 TOC: 2650' (est)
 Hole Size: 8-3/4"

Production Csg (Pulled)

Size: 5-1/2"
 Wt.&Thrd: 17#
 Grade: _____
 Set @: 3967-11,033'
 Sxs Cmt: 400 sxs
 Circ: _____
 TOC: _____
 Hole Size: 8-3/4"

CURRENT

KB: _____

DF: 3573'GL: 3563'Spud Date: 2/14/1948Compl. Date: 8/17/1948History - Highlights1948-08: D&C well.1949-02: Re-Perf1949-05: Dump 75 sxs cmt on bottom. Cut & pull 5-1/2" csg. Cmt plug @ 4100'. Run 7" csg. Add perfs & acidize 7 RVRs-QUEEN.1956-05: Switch artificial lift from gas lift to pump & rod.1966-01: Add Perfs, Acidize & Frac 7 RVRs-QUEEN1983-02: Well shut-in1994-04: Well TA'd1999-05: Pressure test csg2006-08: P&A Well

All info from OCD well files ONLY

YATES (Top @ ~3100')

3680', 3696', 3714', 3720', 3727', 3735', 3744', 3755', 3770' (1 SPF) - Dec 1965

Frac w/ 37,800 gals oil & 41,000# sand + 1/20 adomite

3797-3842' - May 1949

Acidized w/ 2000 gals 20% acid; Acidize w/ 1000 gals 15% NE acid; Frac w/ 50,000 gals lease oil & 63,000# 20/40 sand + 1/20 adomite

10,881-10,950' - Feb 1949

Stimulated w/ 100 qts Nitro Glycerine

10,896-10,907' & 10,916-10,936' (4 SPF) - Aug 1948

Acidized w/ 500 gals mud acid

PBTd 3615'
TD 11,045'Tubulars - Capacities and Performance

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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 146311

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 146311
	Action Type: [C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By	Condition	Condition Date
pkautz	None	10/20/2022