eived by OCD: 12/20/2022 2:18:37 PM District I		Page 1 of 1
1625 N. French Dr., Hobbs, NM 88240	State of New Mexico	Form C-101
Phone: (575) 393-6161 Fax: (575) 393-0720		Revised July 18, 2013
District II	Energy Minerals and Natural Resources	
811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720		
District III	Oil Conservation Division	AMENDED REPORT
1000 Rio Brazos Road, Aztec, NM 87410	On Conservation Division	
Phone: (505) 334-6178 Fax: (505) 334-6170	1220 South St. Francis Dr.	
District IV	1220 South St. Francis Dr.	
1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462		
Findle. (505) 470-5400 Fax. (505) 470-5402	Santa Fe, NM 87505	

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

^{1.} Operator Name and Address								^{2.} OGRID Numbe	r
			FAE II Operat	ting LLC				329326	
		11	757 Katy Freew					^{3.} API Number	
			Houston, TX	377079				30-025-09192	
	rty Code 8928				Property Name ERY KING NW	1		^{6.} We #0	
				^{7.} Sur	face Location				
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
F	01	23S	36E		1650	N	2310	W	LEA
				^{8.} Proposed	Bottom Hole	Location			
UL - Lot	Section	Township	Range	Lot Idn Feet from N/S Line Fe				E/W Line	County
F	01	23S	36E		1650	2310	W	LEA	

[*] Pool Information	
Pool Name JALMAT; TAN-YATES-7 RVRs (GAS) // LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	Pool Code 79240 // 37240

	Ac	lditional Well Information	DHC	-5135	
12.	Well Type	13. Cable/Rotary	14. Lease	Туре	^{15.} Ground Level Elevation
Ο		R	S		3422'
^{17.} Pro	oposed Depth	^{18.} Formation	^{19.} Contr	ractor	^{20.} Spud Date
	3806'	7 RVRS	TB	D	01/05/2023
Depth to Ground water Distance		n nearest fresh water well		Distance to n	earest surface water
	^{17.} Pr	^{12.} Well Type O ^{17.} Proposed Depth 3806'	O R ^{17.} Proposed Depth ^{18.} Formation	^{12.} Well Type ^{13.} Cable/Rotary ^{14.} Lease O R S ^{17.} Proposed Depth ^{18.} Formation ^{19.} Cont 3806' 7 RVRS TB	^{12.} Well Type ^{13.} Cable/Rotary ^{14.} Lease Type O R S ^{17.} Proposed Depth ^{18.} Formation ^{19.} Contractor 3806' 7 RVRS TBD

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	12.250"	8.625"	24#	313'	200 sxs	Surface
Production	7.875"	5.500"	15.5#	3797'	600 sxs	
-	-	Casing	/Cement Program: Ad	ditional Comments		<u>-</u>

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

of my knowledge and belief.	iven above is true and complete to the best	OIL CONSERVATION DIVISION				
1 further certify that I have complied 19.15.14.9 (B) NMAC , if applicable	with 19.15.14.9 (A) NMAC 🗌 and/or e.	Approved By:				
Signature:		P Kautz				
Printed name: VANESSA NEAL		Title:				
Title: SR RESERVOIR ENGINEER		Approved Date:	12/21/2022	Expiration Date: 12/21/2024		
E-mail Address: vanessa@faenergyus.co	<u>om</u>					
Date: 20 DEC 2022	Conditions of App	proval Attached				

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Phone: (505) 476-3460 Fax: (505) 476-3462

District III 1000 Rio Brazos Road, Aztec, NM 87410

District II 811 S. First St., Artesia, NM 88210 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 ACRE.	AGE DEDIC	ATION PLAT
" LLL	LOCITION	I I I I I I I I I I I I I I I I I I I		

1	API Numbe	r	² Pe	ol Code ³ Pool Name					
30-	30-025-09192			9240		JALMAT;	TAN-YATES-7	RVRs (GAS)	
⁴ Property C	Code			5	Property Name			⁶ We	ell Number
32692	8			EME	RY KING NW	V			#004
⁷ OGRID N	No.			8	Operator Name			⁹ F	Elevation
32932	5			FAE II C	OPERATING,	LLC			3422'
	¹⁰ Surface Location								
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
F	01	23S	36E		1650	Ν	2310	W	LEA
			¹¹ Bottom	Hole Locati	ion If Differe	ent From Sur	rface		
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
¹² Dedicated Acres	¹³ Joint o	r Infill ¹⁴ (Consolidation Code	¹⁵ Order No.			-	-	-
160				DHC-5135					

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
	<u>`</u>		proposed bottom hole location or has a right to drill this well at this location
	1650'		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
			heretofope entered by the division.
			12/20/2022
			Signature Date
	NV		Signature / Dute
2310'	Sec	c 01 (160 acres)	VANESSA NEAL
			Printed Name
			vanessa@faenergyus.com
			E-mail Address
			ISURVEYOR 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.
			Date of Survey
			Signature and Seal of Professional Surveyor:
			Signature and Sour of Professional Surveyor.
			Certificate Number
			Certificate Number

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AMENDED REPORT

WELL.	LOCATION	AND A	CREAGE	DEDICA	TION PL	AΤ
	LOCITION			DEDICI		

1	API Numbe	r	² Pe	² Pool Code ³ Pool Name							
30-	-025-091	92	3	7240	LANGLIE MATTIX; 7 RVRs-QUEEN-GRAYBURG						
⁴ Property C	Code			5	Property Name			⁶ We	⁶ Well Number		
32692	8			EME	RY KING NV	V		-	#004		
⁷ OGRID	No.			8	Operator Name			⁹ F	⁹ Elevation		
32932	6			FAE II C	OPERATING,	LLC		2	3422'		
¹⁰ Surface Location											
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		
F	01	23S	36E		1650	Ν	2310	W	LEA		
			¹¹ 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		
¹² Dedicated Acres			Consolidation Code	¹⁵ Order No.	DUC 5	125	•	-			
40		Y		DHC-5135							

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
	0		proposed bottom hole location or has a right to drill this well at this location
	1650'		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
			12/20/2022
			Signature Date
		SE/4 NW/4	
2310'		Sec 01 (40 acres)	VANESSA NEAL Printed Name
			Printed Name
			vanessa@faenergyus.com
			E-mail Address
			ISURVEYOR 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.
			and correct to the best of my benef.
			Date of Survey
			Signature and Seal of Professional Surveyor:
			Certificate Number

						nit Electronically E-permitting		
	NATURAL GAS MANAGEMENT PLAN							
This Natural Gas Manag	This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.							
	<u>Section 1 – Plan Description</u> <u>Effective May 25, 2021</u>							
I. Operator:	FAE II Operat	ting, LLC	OGRID:	329326	Date:	12/20	0/2022	
II. Type: 🗆 Original 🗆	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	: <u>DO BPs</u>	, Add Perfs & Aci	dize 7 RVRs in E	mery King NW #00	04; DHC Jalmat	& Lang	glie Mattix	
III. Well(s): Provide the be recompleted from a s					vells proposed to	be dril	led or proposed to	
Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	P	Anticipated roduced Water BBL/D	
EMERY KING NW #004	30-025-09192	F-01-23S-36E	1650' FNL & 2310' FWL	1	24		21	
IV. Central Delivery Point Name: EMERY KING NW #1 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 I Date Back I		First Production Date	
EMERY KING NW #004	30-025-09192	01/05/2023	01/05/2023	01/05/2023	01/11/2	023	01/12/2023	
 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. 								

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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.

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

IX. Anticipated Natural Gas Production:

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

X. Natural Gas Gathering System (NGGS):

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4 - Notices

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

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

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

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

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

FAE II Operating, LLC ("FAE") Natural Gas Management Plan

VI. Separation Equipment

- Separation equipment is sized to allow for retention time and velocity to adequately separate oil, gas, and water at anticipated peak rates.
- Valves and meters are designed to service without flow interruption or venting of gas.
- Gas from treater and wellhead will be tied into the sales line.

VII. Operational Practices

19.15.27.8 (A)

FAE's field operations are designed with the goal of minimizing venting of natural gas. Wellhead and existing production equipment are tied into the gas sales line.

19.15.27.8 (B) Venting and Flaring during drilling operations

- Venting will only occur if there is an equipment malfunction and/or to avoid risk of an immediate and substantial adverse impact on safety, public health, or the environment.
- Daily vented volumes during drilling operations will be estimated on the daily report.
- All equipment will be available to process wellhead production upon completion of the well.

19.15.27.8 (C) Venting and Flaring during completions or recompletions operations.

- During all phases of flowback, wells will flow through a sand separator, or other appropriate flowback separation equipment, and the well stream will be directed to a central tank battery (CTB) through properly sized flowlines.
- The CTB will have properly sized separation equipment for maximum anticipated flowrates.
- All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from well is <60 MCFPD.

19.15.27.8 (D) Venting and Flaring during production operations.

- During production, the well stream will be routed to the CTB where multiple stages of separation will separate gas from liquids. All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from will is <60 MCFPD.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas sales volumes are recorded and monitored via EFMS.

19.15.27.8 (E) Performance Standards

- Production equipment will be designed to handle maximum anticipated rates and pressure.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas/H2S detectors will be installed throughout the facilities and wellheads to detect leaks and enable timely repairs.

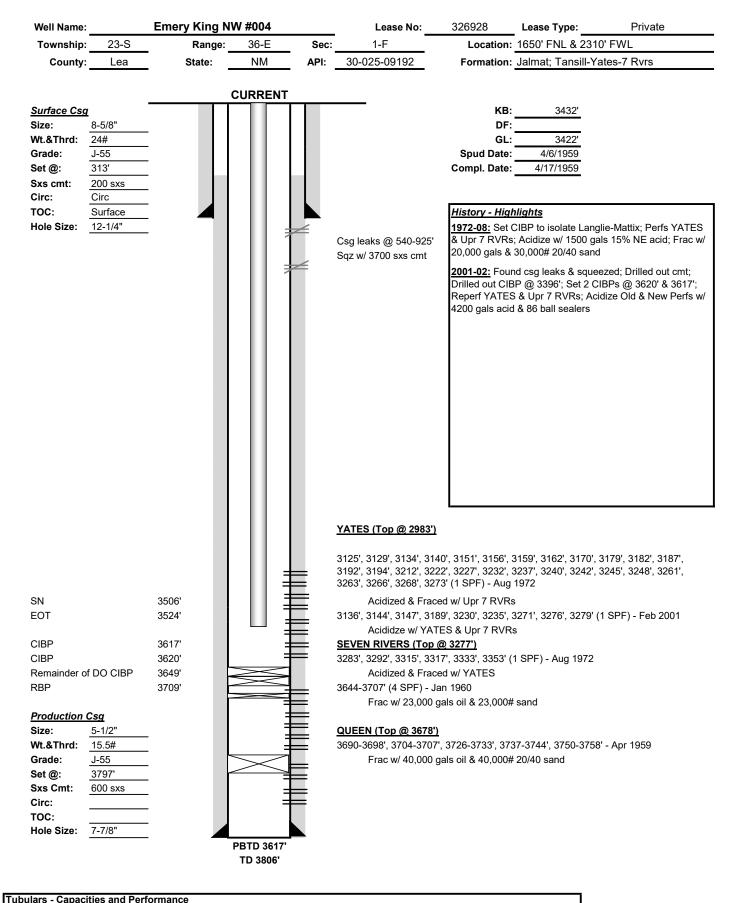
19.15.27.8 (F) Measurement or estimation of vented and flared natural gas

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

VIII. Best Management Practices

- FAE will use best management practices to vent as minimally as possible during well intervention operations and downhole well maintenance.
- All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from will is <60 MCFPD. All venting events will be recorded and all start-up, shutdown, maintenance logs will be kept for control equipment
- All equipment will be maintained to provide highest run-time possible.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas sales volumes are recorded and monitored via EFMS.
- All procedures are drafted to keep venting to the absolute minimum.

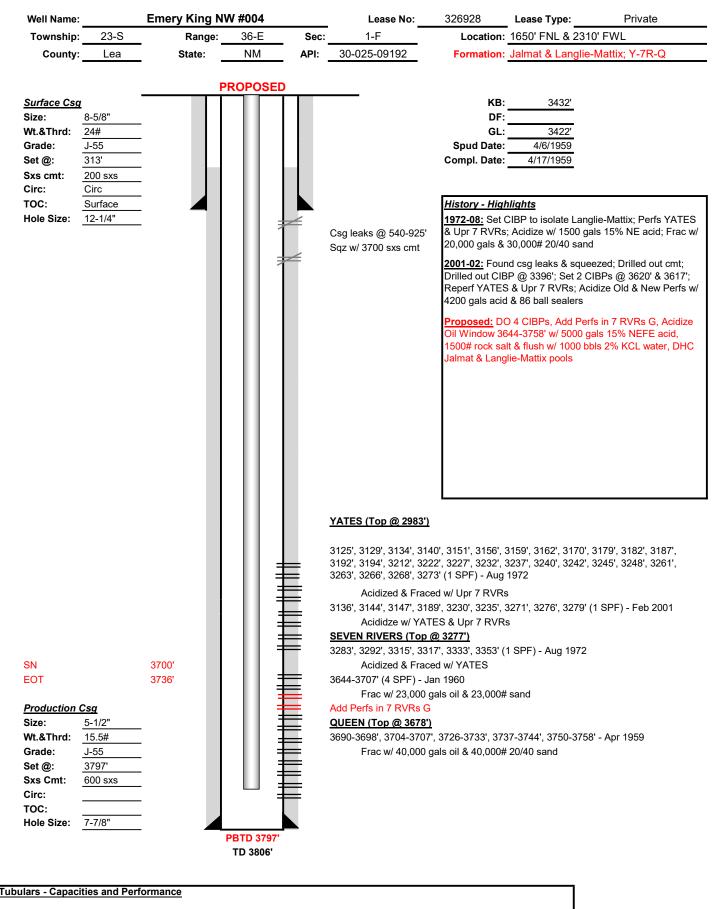
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2-3/8" 4.7# J-55 EUE 8rd Tubing (108 jts 2-3/8" tbg, SN, MA) @ 3524'	
Rods: 2" x 1-1/4" x 12' RHAC, 139- 3/4" rods, 8', 6', 4', 2' subs, 1-1/4" x 16' polished rod w/ liner	
POP @ 7.5 SPM x 64" x 1-1/4"	Lufkin C-114D-143-64

WBD_Emery King NW #004_CURRENT_2021-06-01.xlsx

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2-3/8" 4.7# J-55 EUE 8rd Tubing (~115 jts 2-3/8" tbg, SN, perf sub, MA w/ bull plug) @ 3736'

Lufkin C-114D-143-64

WBD_Emery King NW #004_CURRENT_2021-06-01.xlsx

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State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

CONDITIONS

Operator:	OGRID:
FAE II Operating LLC	329326
11757 Katy Freeway, Suite 725	Action Number:
Houston, TX 77079	169068
	Action Type:
	[C-101] Drilling Non-Federal/Indian (APD)
	-

CONDITIONS

Created By	Condition	Condition Date
pkautz	None	12/21/2022

Page 12 of 12

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Action 169068