

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF FAE II OPERATING, LLC
TO CONVERT PRODUCTIN WELLS AND/OR
DRILL NEW INJECTION WELLS FOR
WATERFLOOD OPERATIONS,
LEA COUNTY, NEW MEXICO**

CASE NO. 23711

**APPLICATION OF FAE II OPERATING, LLC
FOR STATUTORY UNITIZATION,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23712

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by the applicant in this case as required by Division rules.

APPEARANCES

APPLICANT

FAE II Operating, LLC
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ATTORNEY

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OTHER PARTIES

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STATEMENT OF THE CASE

The captioned Application for Statutory Unitization is brought pursuant to the Statutory Unitization Act, NMSA 1978, Sections 70-7-1 to -21, and the rules of the Oil Conservation Division. FAE also applies for an order approving an enhanced oil recovery project (secondary and tertiary recovery) in the South Jal Unit Area, by the injection of water and gas into the Yates-Seven Rivers-Queen formation, in wells located on approximately 19,369.77 acres that include the following federal, state, and fee lands located in Lea County, New Mexico:

Township 25 South, Range 36 East, NMPM

Section 13: SE
Section 24: E2
Section 25: All
Section 26: E2E2
Section 36: N2, SE

Township 25 South, Range 37 East, NMPM

Section 15: W2W2
Section 16: All
Section 18: Lot 4
Section 19: Lot 1, Lot 2, Lot 3, Lot 4, E2SW
Section 21: All
Section 22: W2NW, S2
Section 23: SW
Section 26: W2, SWSE
Section 27: All
Section 28: All
Section 30: Lot 1, Lot 2, Lot 3, Lot 4, E2W2, W2E2
Section 31: All
Section 32: All
Section 33: All
Section 34: All
Section 35 NW, W2NE, S2

Township 26 South, Range 37 East, NMPM

- Section 3: All
- Section 4: All
- Section 5: All
- Section 6: All
- Section 7: All
- Section 8: All
- Section 9: All
- Section 10: All
- Section 15: All
- Section 16: All
- Section 17: All
- Section 18: Lot 1, NENW, E2
- Section 19: NE
- Section 20: All
- Section 21: W2, NE, W2SE
- Section 22: N2
- Section 23: SWNW
- Section 29: All
- Section 32: N2N2, Lot 1, Lot 2, Lot 3, Lot 4

The “Unitized Formation” has been reasonably defined by development, and is defined as: that interval underlying the Unit Area, the vertical limits of which extend from an upper limit described as the top of the Yates Formation, to a lower limit at the base of the Queen Formation; the geologic markers having been previously found to occur at 2,635 feet and 3,563 feet, respectively, in Western Natural Gas Company’s Dabb’s #001 (re-entered and renamed to Dabbs #004 in January 1997) well (located at 1650 feet FNL, and 660 feet FWL of Section 34, Township 25 South, Range 37 East, Lea County, New Mexico) as recorded on the Schlumberger Electrical Log taken on August 14, 1957, said log being measured from a Kelly Bushing elevation of 3,025 feet above sea level.

FAE proposes to: convert four producing wells to injection wells, drill 11 new injection wells, and reactivate one injection well in the Queen Formation; convert five producing wells to injection wells and drill three new injection wells in the Yates Formation; and convert three producing wells to injection wells in the Moberly Rhodes, Yates-Seven Rivers Formation. FAE seeks authorization to include additional injection wells within the project administratively.

F AE also requests that the enhanced oil recovery project be qualified for the recovered oil tax rate, pursuant to the Enhanced Oil Recovery Act, NMSA 1978, Sections 7-29A-1 to -5, and New Mexico Oil Conservation Division regulations.

The proposed unitization and approval of the enhanced oil recovery project will benefit the working interest owners and royalty interest owners in the Unitized Formation. FAE has made a good faith effort to secure the voluntary unitization of interest owners in the Unit Area. The BLM has issued a preliminary approval of the Unit Agreement, and the New Mexico State Land Office is expected to issue preliminary approval of the Unit Agreement prior to the hearing.

PROPOSED EVIDENCE

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Joseph Kent, Landman	Affidavit/30 minutes	Approx. 10
Charles Hooper, Geologist	Affidavit/30 minutes	Approx. 7
Vanessa Heal, Reservoir Engineer	Affidavit/30 minutes	Approx. 7

PROCEDURAL MATTERS

Cases 23711 and 23712 will be consolidated for hearing.

Respectfully Submitted,

PADILLA LAW FIRM, P.A.

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CERTIFICATE OF SERVICE

I hereby certify that on November 30, 2023, a true and correct copy of the foregoing pleading was served upon counsel of record as follows:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 289893

QUESTIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 289893
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>