

# ASD SHIPPING REQUEST FORM

TODAY'S DATE	REQUESTED SHIP DATE	REQUESTED DELIVERY DATE	

## DELIVERY INFORMATION

FROM SENDER		TO RECIPIENT		CHECK BOX IF RESIDENTIAL
NAME		NAME		
DIVISION		COMPANY		
ADDRESS		ADDRESS		
ADDRESS		ADDRESS		
CITY		CITY		
STATE	ZIP CODE	STATE		ZIP CODE
PHONE		PHONE		
EMAIL		EMAIL		

## SHIPPING METHOD

\*\*ALL UPS SHIPMENTS REQUIRE THE RECIPIENTS PHYSICAL ADDRESS, WILL NOT SHIP TO A PO BOX\*\*

<input type="checkbox"/>	UPS GROUND	<input type="checkbox"/>	<input type="checkbox"/>	OTHER BOX (SEALED)
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EXPRESS SERVICES				
UPS EXPRESS SHIPPING SERVICES		UPS BOX		
	NEXT DAY AIR next business morning		SMALL	
	STANDARD OVERNIGHT next business afternoon		MEDIUM	
	2 DAY AIR		LARGE	
	3 DAY EXPRESS SAVER			
	SATURDAY DELIVERY		UPS LETTER	

## INSURANCE optional

<input type="checkbox"/>	NO	<input type="checkbox"/>	YES	If shipment insurance added, please indicate monetary value:	<input type="text"/>
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## SPECIAL INSTRUCTIONS optional

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**SENDERS SIGNATURE:**

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Cabinet Secretary

**Dylan Fuge, Division Director**  
Oil Conservation Division



**BY CERTIFIED AND ELECTRONIC MAIL**

Huxley Song, CEO  
FAE II Operating, LLC  
11757 Katy Freeway  
Suite 725  
Houston, TX 77079  
[huxley@faenergyus.com](mailto:huxley@faenergyus.com)

**NOTICE OF VIOLATION**

**G G TRAVIS #002 (30-025-22311)**  
**LANEHART 22 #001 (30-025-25742)**  
**EMERY KING NW #004 (30-025-09192)**  
**C D WOOLWORTH #005 (30-025-25790)**  
**E C HILL B FEDERAL #018 (30-025-33493)**  
**ARNOTT RAMSAY NCT-B #009 (30-025-26757)**  
**ARNOTT RAMSAY NCT-B #010 (30-025-26962)**  
**ARNOTT RAMSAY NCT-B #012 (30-025-27551)**

The Director of the Oil Conservation Division ("OCD") issues this Notice of Violation ("NOV") pursuant to 19.15.5.10 NMAC. A process is available to informally discuss and resolve the NOV. OCD will not request a hearing on the NOV until the end of this process, which runs for 30 days from the date of your receipt of this letter. OCD will extend this process if it would facilitate informal resolution of the NOV. To initiate this process, contact the OCD employee identified at the end of this letter.

*(1) Alleged Violators:* FAE II OPERATING, LLC, OGRID 329326 ("Operator").

*(2) Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):*

**19.15.7.14 SUNDY NOTICES AND REPORTS ON WELLS (Form C-103):**  
Form C-103 is a dual-purpose form the operator files with the appropriate division district office to obtain division approval prior to commencing certain operations and to report various completed operations.

**19.15.7.15 REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT OIL AND GAS (Form C-104):** An operator shall file with the

*division a complete form C-104 to request the division assign an allowable to a newly completed or re-completed well or a well completed in an additional pool or issue an operator authorization to transport oil or gas from the well.*

**19.15.7.24 OPERATOR'S MONTHLY REPORT (Form C-115):** *An operator shall file form C-115 using the division's web-based online application on or before the 15th day of the second month following the month of production.*

#### **G G TRAVIS #002 (30-025-22311)**

1. On July 28, 2022, Operator submitted a Subsequent Report ("SR") sundry showing work took place during June 2022, which added perforations to the Paddock-Blineberry formations.
2. On December 12, 2022, Operator filed an APD requesting to add proposed perforations to the Paddock-Blineberry. These proposed perforation intervals match those reported as already being completed in the previous SR.
3. Operator recompleted/extended the completed interval without approval from OCD.
4. Operator has failed to submit a C-104 for the additional perforations.

#### **LANEHART 22 #001 (30-025-25742)**

5. On May 10, 2021, Operator submitted a SR sundry showing work took place during March 2021, involving pushing plugs and Acidizing existing perforations (previously covered by the plug).
6. On September 17, 2021, Operator submitted a SR sundry mirroring the previous information with the addition of a DHC-5102 (down hole commingling) cited on the sundry.
7. DHC-5102 was authorized to commingle the following pools:
  - [33820] JALMAT;TAN-YATES-7 RVRS (OIL)
  - [37240] LANGLIE MATTIX;7 RVRS-Q-GRAYBURG
8. OCD has not received production data regarding the Langlie pool, suggesting no Notice of Intent was submitted or approved, resulting in production being incorrectly reported.
9. Operator extended the completed interval without approval from OCD.
10. Operator has failed to submit complete and accurate C-115s.
11. Operator has failed to submit a C-104 for the additional perforations.

#### **EMERY KING NW #004 (30-025-09192)**

12. On July 28, 2022, Operator submitted a SR sundry showing work took place during June 2022, which added perforations to the Seven Rivers formations.

13. On December 20, 2022, Operator filed an APD requesting to add proposed perforations to the Seven Rivers. These proposed perforation intervals are different than the SR sundry.
14. The SR sundry shows that Operator added perforations not listed in the APD.
15. Operator recompleted / extended the completed interval without approval from OCD.
16. Operator has failed to submit a C-104 for the additional perforations.

**C D WOOLWORTH #005 (30-025-25790)**

17. On September 17, 2021, Operator submitted a SR sundry showing work took place during June 2021, which added perforations to the Langlie formation.
18. On December 5, 2022, Operator filed an APD requesting to add proposed perforations to the Langlie formation. These proposed perforation intervals match those reported as already being completed in the previous SR.
19. Operator extended the completed interval without approval from OCD.
20. Operator has failed to submit a C-104 for the additional perforations.
21. Operator has failed to submit complete and accurate C-115s.

**E C HILL B FEDERAL #018 (30-025-33493)**

22. On November 2, 2021, Operator submitted a SR sundry showing work took place during July 2021, which added perforations to the existing formation.
23. Operator extended the completed interval without approval from OCD.
24. Operator has failed to submit a C-104 for the additional perforations.

**ARNOTT RAMSAY NCT-B #009 (30-025-26757)**

25. On December 1, 2021, Operator submitted a SR sundry showing work took place during November 2021, which added perforations to the Langlie formation. Operator also cited DHC was taking place under DHC-5107
26. DHC-5107 was authorized to commingle the following pools:
  - [33820] JALMAT;TAN-YATES-7 RVRS (OIL)
  - [37240] LANGLIE MATTIX;7 RVRS-Q-GRAYBURG
27. A prior operator isolated [37240] LANGLIE MATTIX;7 RVRS-Q-GRAYBURG pool when the well was plugged and abandoned in 2001. Current Operator reopened the pool without OCD permission.

28. OCD has not received production data regarding the Langlie pool, suggesting no Notice of Intent was submitted or approved, resulting in production being incorrectly reported.
29. Operator extended the completed interval without approval from OCD.
30. Operator has failed to submit complete and accurate C-115s.
31. On May 19, 2023, Operator submitted a C-104 for the new perforations.

**ARNOTT RAMSAY NCT-B #010 (30-025-26962)**

32. On September 17, 2021, Operator submitted a SR sundry showing work took place during May 2021, which added perforations to the Langlie formation. Operator also reported that DHC was taking place under DHC-5109.
33. DHC-5109 was authorized to commingle the following pools:
  - [33820] JALMAT;TAN-YATES-7 RVRS (OIL)
  - [37240] LANGLIE MATTIX;7 RVRS-Q-GRAYBURG
34. A prior operator isolated [37240] LANGLIE MATTIX;7 RVRS-Q-GRAYBURG pool when the well was plugged and abandoned in 2001. Current Operator reopened the pool without OCD permission.
35. OCD has not received production data regarding the Langlie pool, suggesting no Notice of Intent was submitted or approved, resulting in production being incorrectly reported.
36. Operator extended the completed interval without approval from OCD.
37. Operator has failed to submit complete and accurate C-115s.
38. On May 18, 2023, Operator submitted a C-104 for the new perforations.

**ARNOTT RAMSAY NCT-B #012 (30-025-27551)**

39. On March 8, 2022, Operator submitted a SR sundry showing work took place during January 2022, which added perforations to the Langlie formation. Operator also cited DHC was taking place under DHC-5131.
40. DHC-5131 was authorized to commingle the following pools:
  - [33820] JALMAT;TAN-YATES-7 RVRS (OIL)
  - [37240] LANGLIE MATTIX;7 RVRS-Q-GRAYBURG
41. A prior operator isolated [37240] LANGLIE MATTIX;7 RVRS-Q-GRAYBURG pool when the well was plugged and abandoned in 1999. Current Operator reopened the pool without OCD permission.
42. OCD has no production data regarding the Langlie pool, suggesting no Notice of Intent was submitted or approved, resulting in production being incorrectly reported.

43. Operator extended the completed interval without approval from OCD.
44. Operator has failed to submit complete and accurate C-115s.
45. On May 22, 2023, Operator submitted a C-104 for the new perforations.

(3) *Compliance*: No later than five (5) business days after issuance of this NOV, Operator shall:

- 1) Submit to OCD complete and accurate C-104s for each well listed above,
- 2) Submit to OCD complete and accurate C-115s for each well listed above.

(4) *Sanction(s)*: OCD may impose one or more of the following sanctions:

- civil penalty
- modification, suspension, cancellation, or termination of a permit or authorization
- shutting in a well or wells
- plugging and abandonment of a well
- remediation and restoration of a well location and associated facilities, including the removal of surface and subsurface equipment and other materials
- remediation and restoration of a location affected by a spill or release
- forfeiture of financial assurance
- any other remedy authorized by law

For the alleged violations of 19.15.5.11 NMAC described above and consistent with applicable law, OCD proposes the following sanctions (one or more of which may ultimately be selected):

(a) Civil Penalty:

<b>G G TRAVIS #002 (30-025-22311)</b>	
Failure to Obtain OCD Approval	\$54,000.00
Failure to Submit C-104	\$54,000.00
<b>LANEHART 22 #001 (30-025-25742)</b>	
Failure to Obtain OCD Approval	\$54,000.00
Failure to Submit C-104	\$54,000.00
Failure to Submit C-115	\$54,000.00
<b>EMERY KING NW #004 (30-025-09192)</b>	
Failure to Obtain OCD Approval	\$54,000.00
Failure to Submit C-104	\$54,000.00
<b>C D WOOLWORTH #005 (30-025-25790)</b>	
Failure to Obtain OCD Approval	\$54,000.00
Failure to Submit C-104	\$54,000.00
Failure to Submit C-115	\$54,000.00
<b>E C HILL B FEDERAL #018 (30-025-33493)</b>	
Failure to Obtain OCD Approval	\$54,000.00
Failure to Submit C-104	\$54,000.00

**ARNOTT RAMSAY NCT-B #009 (30-025-26757)**

Failure to Obtain OCD Approval	\$54,000.00
Failure to Submit C-104	\$54,000.00
Failure to Submit C-115	\$54,000.00

**ARNOTT RAMSAY NCT-B #010 (30-025-26962)**

Failure to Obtain OCD Approval	\$54,000.00
Failure to Submit C-104	\$54,000.00
Failure to Submit C-115	\$54,000.00

**ARNOTT RAMSAY NCT-B #012 (30-025-27551)**

Failure to Obtain OCD Approval	\$54,000.00
Failure to Submit C-104	\$54,000.00
Failure to Submit C-115	\$54,000.00

The civil penalty calculations are attached. OCD may recalculate the civil penalties for additional or ongoing violations occurring on or after the date of issuance of this NOV and will take into consideration Operator's good faith effort to comply with the applicable requirements.

*(5) Informal Review and Resolution:* A process is available for the informal review and resolution of the alleged violations in the NOV. To initiate the informal review process, contact the OCD employee identified at the end of this letter. If OCD and the alleged violator agree to resolve the alleged violations in the NOV, the agreement will be incorporated into a stipulated final order signed by both parties and stating that the alleged violator admits OCD's jurisdiction to file the NOV, consents to the specified relief, including the civil penalty, if any, and waives the right of review by the Oil Conservation Commission.

*(6) Hearing:* If this Notice of Violation is not resolved within thirty (30) days of receipt of service, OCD will hold a hearing on August 17, 2023. Please see 19.15.5.10 NMAC for more information regarding the hearing. However, please note that the hearing does not prohibit OCD from negotiating with the alleged violator at any time to settle the NOV.

For more information regarding this NOV, please contact Jesse Tremaine, Assistant General Counsel, at (505) 231-9312 or [jessek.Tremaine@emnrd.nm.gov](mailto:jessek.Tremaine@emnrd.nm.gov) or Chris Moander, Assistant General Counsel, at (505) 709-5687 or [chris.moander@emnrd.nm.gov](mailto:chris.moander@emnrd.nm.gov).

Regards,

  
Dylan Fuge  
Director

6/9/23

\_\_\_\_\_  
Date

cc: EMNRD-OGC



FAE II Operating LLC	
329326	

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graph TD
    A[Alleged Violator OGRID] --> B[History of Non-Compliance]
    B --> C[Economic Impact]
    C --> D[Total Penalty]
  
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