

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

<b>Applicant:</b> <u>FAE II Operating, LLC</u>	<b>OGRID Number:</b> <u>326876</u>
<b>Well Name:</b> <u>Lanchart 22 #001</u>	<b>API:</b> <u>30-025-25742</u>
<b>Pool:</b> <u>Jalmat (Oil)</u>	<b>Pool Code:</b> <u>33820</u>

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location – Spacing Unit – Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]
- [ I ] Commingling – Storage – Measurement  
 DHC     CTB     PLC     PC     OLS     OLM
- [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR

**FOR OCD ONLY**

Notice Complete

Application Content Complete

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
- A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

David Schellstede

Print or Type Name

Signature

12/16/2020  
Date

832-220-3202  
Phone Number

David@FAEnergyus.com  
e-mail Address

**District I**  
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised August 1, 2011

**District II**  
811 S. First St., Artesia, NM 88210

**Oil Conservation Division**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

**District III**  
1000 Rio Brazos Road, Aztec, NM 87410

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING**

**FAE II Operating, LLC**

**11757 Katy Fwy. Ste. 1000, Houston, TX 77079**

Operator <b>Lanehart</b>	<b>1</b>	Address <b>D-22-25S-37E</b>	<b>Lea</b>
Lease <b>329326</b>	Well No. <b>326919</b>	Unit Letter-Section-Township-Range <b>30-025-25742</b>	County <b>X</b>
OGRID No. _____	Property Code _____	API No. _____	Lease Type: <input type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<b>Jalmat</b>		<b>Langlie Mattix</b>
Pool Code	<b>33820</b>		<b>37240</b>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<b>2,905 - 3,021'</b>		<b>3,357' - 3,476'</b>
Method of Production (Flowing or Artificial Lift)	<b>Artificial Lift</b>		<b>Artificial Lift</b>
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<b>31 API / 1.236 BTU</b>		<b>31 API / 1.236 BTU</b>
Producing, Shut-In or New Zone	<b>Producing</b>		<b>Producing</b>
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	<b>See Attached</b> Date: Rates:	Date: Rates:	<b>See Attached</b> Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <b>48 %</b> Gas <b>67 %</b>	Oil % Gas %	Oil <b>52 %</b> Gas <b>33 %</b>

**ADDITIONAL DATA**

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No \_\_\_\_\_  
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes \_\_\_\_\_ No \_\_\_\_\_

Are all produced fluids from all commingled zones compatible with each other? Yes  No \_\_\_\_\_

Will commingling decrease the value of production? Yes \_\_\_\_\_ No  \_\_\_\_\_

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes  No \_\_\_\_\_

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

**Attachments:**

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

**PRE-APPROVED POOLS**

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Jonathan Gatlin TITLE Project Analyst DATE 12/10/2020

TYPE OR PRINT NAME Jonathan Gatlin TELEPHONE NO. ( 832 ) 241 - 8080

E-MAIL ADDRESS Marshall@faenergyus.com

# faeIIoperating

December 1, 2020

Mr. Dean McClure  
New Mexico Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**Re: Lanehart 22 #001: API 30-025-25742**  
**Jalmat Pool: 33820**  
**Langlie Mattix Pool: 37240**

Dear Mr. McClure:

FAE II Operating LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed above.

If you have any questions, please feel free to contact the undersigned phone at (832) 219-0809 or by email at [Rebecca@faenergyus.com](mailto:Rebecca@faenergyus.com).

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC

A handwritten signature in blue ink that reads "R Wing".

Rebecca Wing, Landman

# fae II operating

December 10, 2020

**VIA ONLINE FILING**

Mr. Dean McClure  
New Mexico Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**Re: Application of FAE II Operating, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Langlie Mattix Pool for the Lanehart 22 #001 well located in Sec. 22, T-25S, R-37E, Lea County, New Mexico**

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for downhole commingling of oil and gas production from the Langlie Mattix Pool for its Lanehart 22 #001 well located in Unit Letter D, Section 22, T-25S, R-37E, 1,980 feet FNL and 1,980 feet FWL, as shown in the attached C-102's for each zone.

Lanehart 22 #001 is currently open to the Yates-Seven Rivers zone, which translates to the JALMAT; TAN-YATES-7 RVRS pool [Pool ID: 33820]. The production curve for this zone is shown in Exhibit A. To develop a production forecast, a decline curve was utilized based on the well's historical production within the zone.

The other zone that has production history in the Lanehart 22 #001 is the Seven Rivers-Queen, which translates to the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a production forecast, twenty-seven (27) surrounding wells with historical production from the Seven Rivers-Queen were used as an offset by taking the average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit B. From there, a decline curve was utilized based on the aforementioned historical production. Furthermore, Geology studied an Lanehart 22 #001 log, Attachment A, and also correlated it with other logs in the surrounding area to help determine the location of the new perforations in the Seven Rivers-Queen zone for the Lanehart 22 #001.

Overall, the forecast for the proposed downhole commingled production was formed by combining the forecasts for both zones, as shown in the Synthetic Decline Curve column of Exhibit D. This forecast for the Lanehart 22 #001 proved that an IP of 1.2 BOPD and 27.4 MCFPD is the expected total, and of that, 0.6 BOPD and 8.9 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.6 BOPD and 18.5 MCFPD with the additional intervals that will be opened up. This information along with the percentage allocation across the zones is shown in Exhibit D.

After a review of internal records, the interest owners are identical for the aforementioned wells. As such, notification to the relevant parties of our intent to commingle production will not be necessary.

This proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. If there are further questions concerning this application, please feel free to contact the undersigned by email at [marshall@faenergyus.com](mailto:marshall@faenergyus.com) or by telephone at (832) 241-8080.

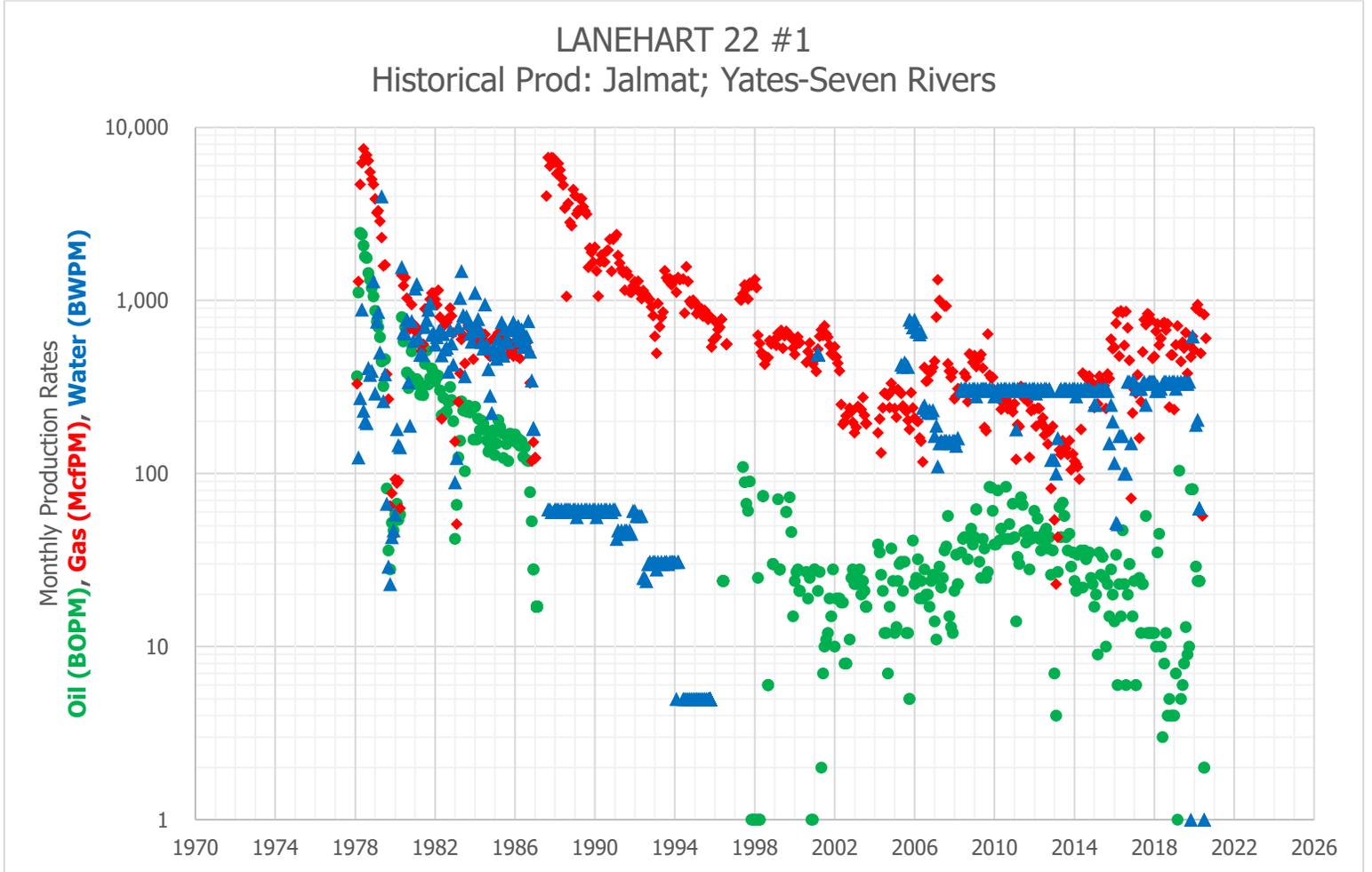
Very truly yours,



**FAE II Operating, LLC**

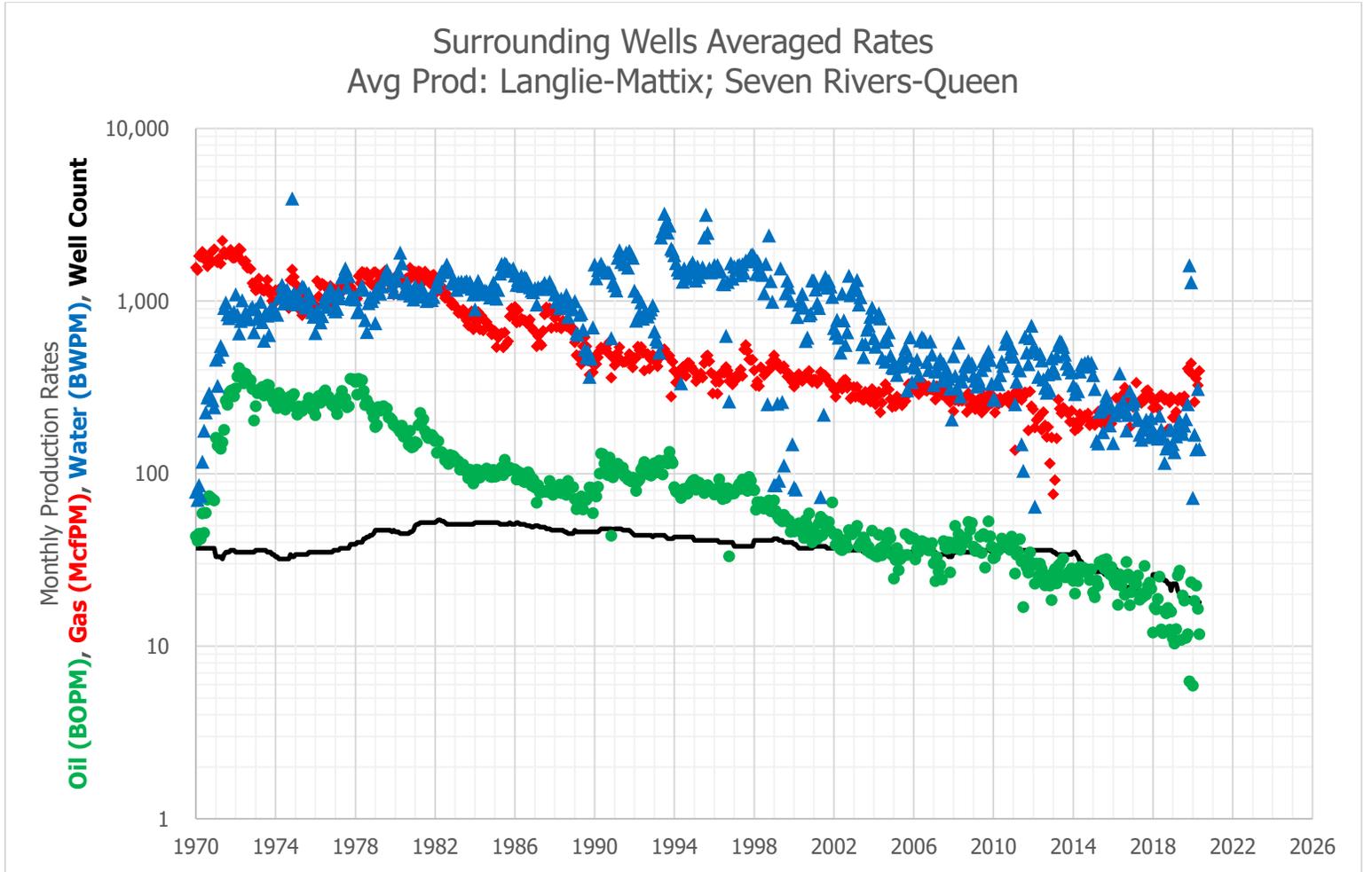
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## Exhibit A – Historical Production in the Current Zone



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## Exhibit B – Historical Average Production in the Proposed Zone





**Exhibit C – Historical Production and Decline Curve**

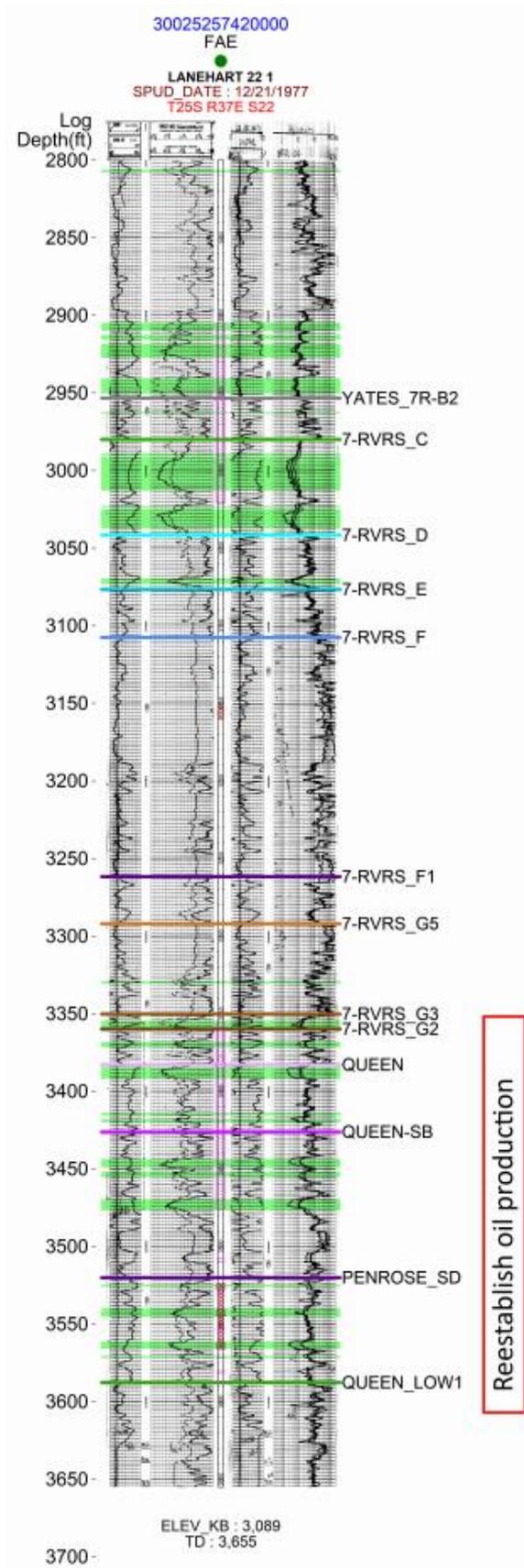
Surrounding Wells Averaged Rates					LANEHART 22 #1				Synthetic Decline Curve			
Avg Prod: Langlie-Mattix; Seven Rivers-Queen					Historical Prod: Jalmat; Yates-Seven Rivers							
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1/1/2015	20	201	373	27	1/1/2015	17	241	250	1	36.8	834	485
2/1/2015	19	191	309	27	2/1/2015	20	296	250	2	36.6	832	483
3/1/2015	24	206	154	27	3/1/2015	9	253	310	3	36.4	830	482
4/1/2015	22	229	150	27	4/1/2015	35	366	300	4	36.2	828	480
5/1/2015	31	225	228	27	5/1/2015	26	342	310	5	36.1	826	478
6/1/2015	30	197	234	27	6/1/2015	33	338	300	6	35.9	824	477
7/1/2015	31	205	174	27	7/1/2015	25	323	310	7	35.7	822	475
8/1/2015	28	188	260	26	8/1/2015	10	238	310	8	35.5	820	474
9/1/2015	32	205	283	26	9/1/2015	23	376	300	9	35.4	818	472
10/1/2015	28	189	246	26	10/1/2015	15	354	150	10	35.2	816	471
11/1/2015	26	216	190	26	11/1/2015	28	597	250	11	35.0	814	469
12/1/2015	29	195	241	26	12/1/2015	20	527	200	12	34.9	812	468
1/1/2016	25	209	150	28	1/1/2016	14	537	115	13	34.7	810	466
2/1/2016	23	220	218	28	2/1/2016	34	737	52	14	34.5	808	464
3/1/2016	23	274	228	28	3/1/2016	6	853	51	15	34.4	806	463
4/1/2016	17	217	240	25	4/1/2016	23	478	165	16	34.2	804	461
5/1/2016	26	272	380	25	5/1/2016	15	872	165	17	34.0	802	460
6/1/2016	22	271	226	24	6/1/2016	47	851	165	18	33.9	800	458
7/1/2016	24	288	262	22	7/1/2016	23	551	100	19	33.7	798	457
8/1/2016	20	314	240	22	8/1/2016	6	864	100	20	33.6	796	455
9/1/2016	31	264	178	22	9/1/2016	20	694	340	21	33.4	794	454
10/1/2016	26	284	219	22	10/1/2016	30	451	340	22	33.2	792	452
11/1/2016	17	186	300	21	11/1/2016	-	72	150	23	33.1	790	451
12/1/2016	21	253	253	21	12/1/2016	15	224	340	24	32.9	788	449
1/1/2017	24	243	254	21	1/1/2017	24	306	340	25	32.8	786	448
2/1/2017	23	253	265	21	2/1/2017	6	291	310	26	32.6	784	446
3/1/2017	23	336	219	21	3/1/2017	-	372	310	27	32.5	782	445
4/1/2017	26	255	204	21	4/1/2017	25	160	310	28	32.3	780	444
5/1/2017	19	263	168	21	5/1/2017	12	260	310	29	32.1	778	442
6/1/2017	20	256	157	21	6/1/2017	23	505	330	30	32.0	776	441
7/1/2017	19	276	179	21	7/1/2017	-	776	340	31	31.8	774	439
8/1/2017	29	265	190	21	8/1/2017	57	725	250	32	31.7	772	438
9/1/2017	20	301	205	21	9/1/2017	12	840	330	33	31.5	770	436
10/1/2017	22	305	198	21	10/1/2017	12	828	340	34	31.4	768	435
11/1/2017	23	287	162	21	11/1/2017	12	773	340	35	31.2	766	433
12/1/2017	21	268	210	21	12/1/2017	12	463	340	36	31.1	765	432
1/1/2018	12	240	178	26	1/1/2018	12	475	340	37	30.9	763	431
2/1/2018	17	243	168	26	2/1/2018	10	664	300	38	30.8	761	429
3/1/2018	16	268	166	26	3/1/2018	35	734	320	39	30.6	759	428
4/1/2018	19	239	159	26	4/1/2018	45	553	300	40	30.5	757	426
5/1/2018	25	279	216	25	5/1/2018	10	605	310	41	30.3	755	425
6/1/2018	13	284	180	25	6/1/2018	3	735	330	42	30.2	753	424
7/1/2018	12	281	162	25	7/1/2018	8	746	340	43	30.1	751	422
8/1/2018	16	267	115	24	8/1/2018	12	675	340	44	29.9	749	421
9/1/2018	15	272	140	24	9/1/2018	4	734	330	45	29.8	748	419
10/1/2018	17	180	148	23	10/1/2018	5	242	340	46	29.6	746	418
11/1/2018	12	258	179	23	11/1/2018	4	485	330	47	29.5	744	417
12/1/2018	16	277	179	21	12/1/2018	4	485	340	48	29.3	742	415
1/1/2019	11	212	148	23	1/1/2019	4	234	340	49	29.2	740	414
2/1/2019	10	211	133	23	2/1/2019	7	555	310	50	29.1	738	413
3/1/2019	13	228	164	23	3/1/2019	1	713	340	51	28.9	736	411
4/1/2019	26	264	186	21	4/1/2019	104	333	330	52	28.8	735	410
5/1/2019	27	275	203	20	5/1/2019	5	444	340	53	28.7	733	408
6/1/2019	11	273	183	20	6/1/2019	6	574	330	54	28.5	731	407
7/1/2019	20	261	170	20	7/1/2019	8	530	340	55	28.4	729	406
8/1/2019	18	280	190	19	8/1/2019	13	652	340	56	28.2	727	404
9/1/2019	11	250	207	19	9/1/2019	9	380	330	57	28.1	725	403
10/1/2019	12	406	252	19	10/1/2019	10	557	340	58	28.0	724	402
11/1/2019	6	391	1,609	19	11/1/2019	81	472	1	59	27.8	722	401
12/1/2019	23	436	1,283	18	12/1/2019	81	621	620	60	27.7	720	399
1/1/2020	6	377	72	18	1/1/2020	-	516	-				
2/1/2020	18	260	168	18	2/1/2020	29	902	191				
3/1/2020	22	355	138	18	3/1/2020	24	946	205				
4/1/2020	16	325	310	18	4/1/2020	24	867	63				
5/1/2020	12	393	138	18	5/1/2020	-	495	-				
					6/1/2020	-	57	-				

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## Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Jalmat	Yates-Seven Rivers	0.6	18.5	8.3
Langlie Mattix	Seven Rivers-Queen	0.6	8.9	7.6
	<b>Total</b>	<b>1.2</b>	<b>27.4</b>	<b>15.9</b>
Jalmat	Yates-Seven Rivers	48%	67%	52%
Langlie Mattix	Seven Rivers-Queen	52%	33%	48%
	<b>Total (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Attachment A – Lanehart 22 #001 Well Log



NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Effective 1-4-85

All distances must be from the outer boundaries of the Section.

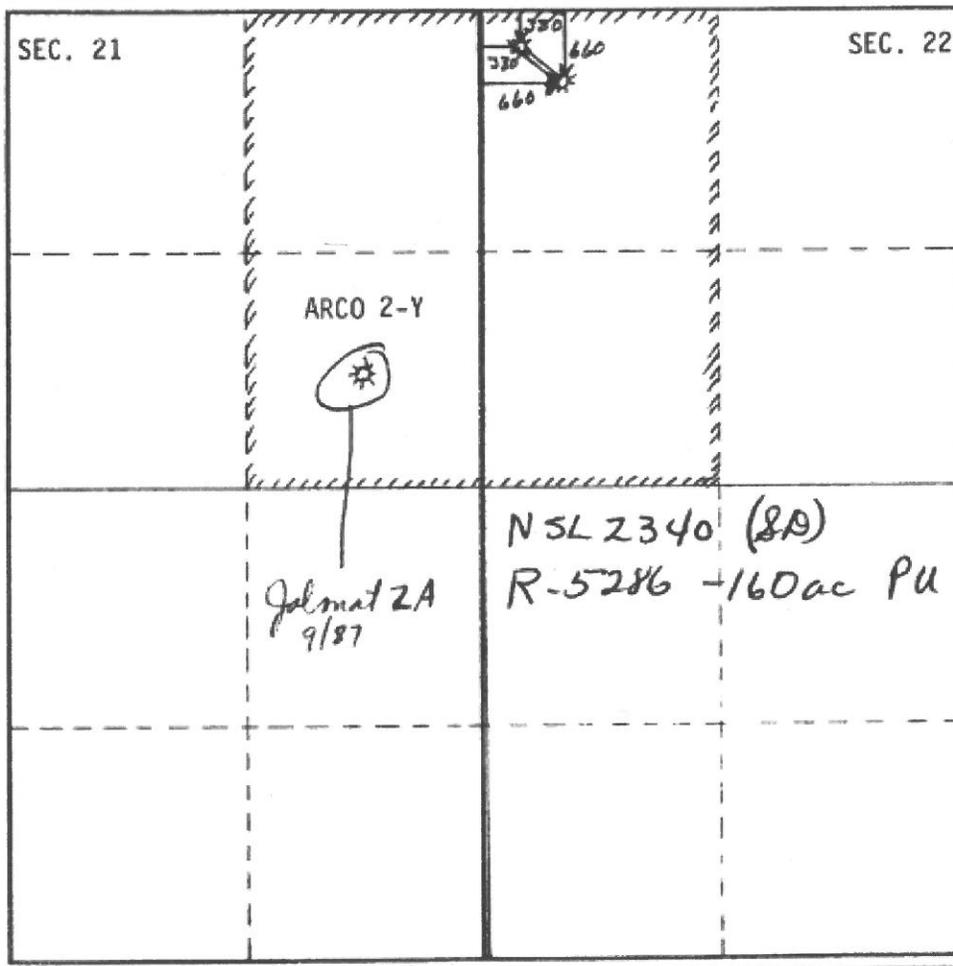
Operator <b>FAE II Operating, LLC</b>		Lease <b>LANEHART 22</b>		Well No. <b>1</b>
Unit Letter <b>D</b>	Section <b>22</b>	Township <b>25S</b>	Range <b>37E</b>	County <b>LEA</b>
Actual Footage Location of Well: <b>660</b> feet from the <b>North</b> line and <b>660</b> feet from the <b>West</b> line				
Ground Level Elev. <b>3079</b>	Producing Formation <b>Yates</b>	Pool <b>Jalmat</b>	Dedicated Acreage: <b>160</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_

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 knowledge and belief.

Date Surveyed \_\_\_\_\_

Registered Professional Engineer and/or Land Surveyor \_\_\_\_\_

Certificate No. \_\_\_\_\_

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Order L-122  
Effective 1-1-85

All distances must be from the outer boundaries of the Section.

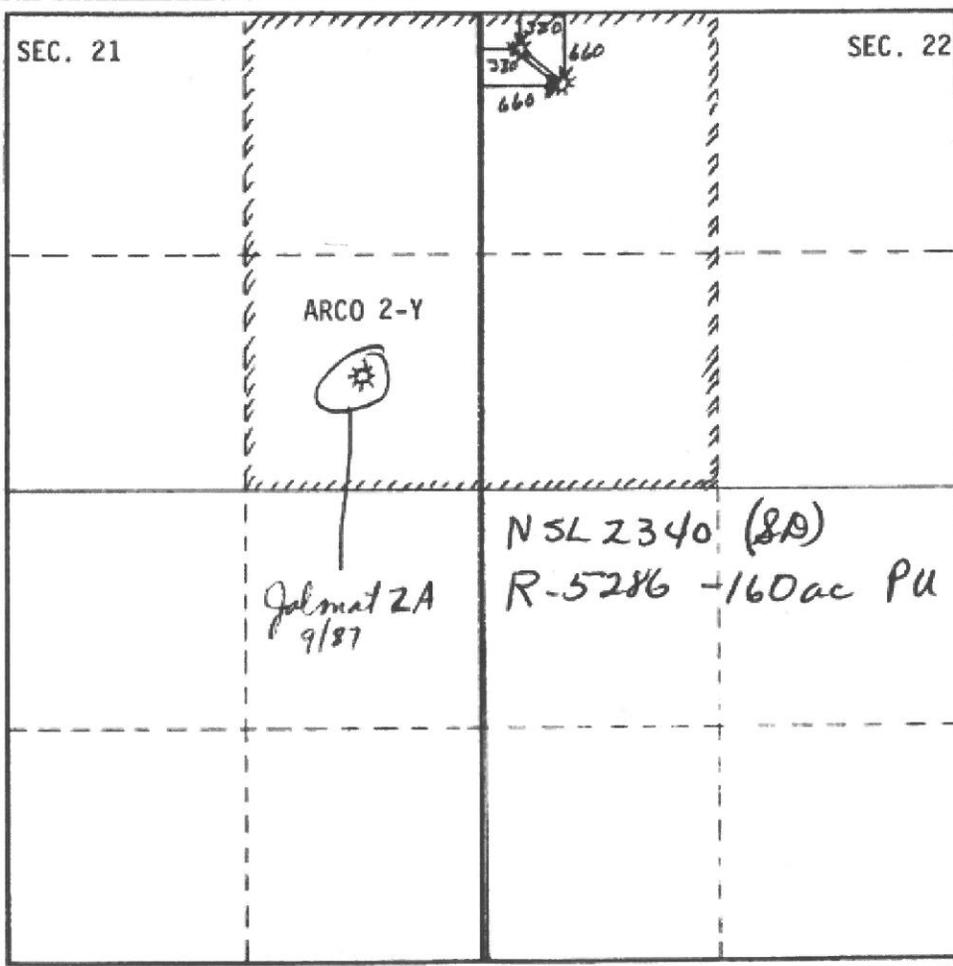
Operator <b>FAETI Operating, LLC</b>		Lease <b>LANEHART 22</b>		Well No. <b>1</b>
Unit Letter <b>D</b>	Section <b>22</b>	Township <b>25S</b>	Range <b>37E</b>	County <b>LEA</b>
Actual Footage Location of Well: <b>660</b> feet from the <b>North</b> line and <b>660</b> feet from the <b>West</b> line				
Ground Level Elev. <b>3079</b>	Producing Formation <b>TRVS Queen</b>	Prod <b>Langlie Mattix</b>	Dedicated Acreage: <b>160</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_

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 knowledge and belief.

Date Surveyed \_\_\_\_\_

Registered Professional Engineer and/or Land Surveyor

Certificate No. \_\_\_\_\_

**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Marshall Bates](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com)  
**Subject:** Approved Administrative Order DHC-5102  
**Date:** Wednesday, December 16, 2020 11:29:01 AM  
**Attachments:** [DHC5102 Order.pdf](#)

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NMOCD has issued Administrative Order DHC-5102 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Lanehart 22 #1 well (30-025-25742).

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure  
Petroleum Engineer, Oil Conservation Division  
New Mexico Energy, Minerals and Natural Resources Department  
(505) 469-8211

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

**APPLICATION FOR DOWNHOLE COMMINGLING  
SUBMITTED BY FAE II OPERATING, LLC**

**ORDER NO. DHC-5102**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. FAE II Operating, LLC (“Applicant”) submitted a complete application (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
6. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
7. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

**CONCLUSIONS OF LAW**

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.
9. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
10. The bottom perforation of the lower zone is within one hundred fifty (150) percent of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

- 11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
- 12. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
- 13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

**ORDER**

- 1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
- 2. Applicant shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
- 3. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
- 4. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 5. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL  
DIRECTOR**

AS/dm

**DATE:** 12/16/2020

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **DHC-5102**

Operator: **FAE II Operating, LLC (329326)**

Well Name: **Lanehart 22 #1**

Well API: **30-025-25742**

Pool Name: **JALMAT;TAN-YATES-7 RVRS (OIL)**

**Upper Zone**

Pool ID: **33820**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **48%**

Gas: **67%**

Interval: **Perforations**

Top: **2,905**

Bottom: **3,021**

Pool Name:

**Intermediate Zone**

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Interval:

Top:

Bottom:

Bottom of Interval within 150% of Upper Zone's Top of Interval:

Pool Name: **LANGLIE MATTIX;7 RVRS-Q-GRAYBURG**

**Lower Zone**

Pool ID: **37240**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **52%**

Gas: **33%**

Interval: **Perforations**

Top: **3,357**

Bottom: **3,476**

Bottom of Interval within 150% of Upper Zone's Top of Interval: **YES**

**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 Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 11886

**CONDITIONS OF APPROVAL**

Operator:	FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	OGRID:	329326	Action Number:	11886	Action Type:	C-107A
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OCD Reviewer	Condition
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.