

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - 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

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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 Schellstade [Signature] COO 10/25/2021
 Print or Type Name Signature Title Date

david@faenergy.us.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC 11757 Katy Fwy. Ste. 1000, Houston, TX 77079

Operator Carlson Harrison Federal Com 4 Address L-22-25S-37E Lea

Lease 329326 Well No. 326357 Unit Letter-Section-Township-Range 30-025-29358 County X
OGRID No. Property Code API No. Lease Type: Federal State Fee

Table with 4 columns: DATA ELEMENT, UPPER ZONE, INTERMEDIATE ZONE, LOWER ZONE. Rows include Pool Name (Jalmat, Langlie Mattix), Pool Code (79240, 37240), Top and Bottom of Pay Section (2,888' - 3,068', 3,328' - 3,570'), Method of Production (Artificial Lift), Oil Gravity or Gas BTU (1.374, 35 API), Producing, Shut-In or New Zone (Producing, New Zone), Date and Oil/Gas/Water Rates of Last Production (See Attached), and Fixed Allocation Percentage (0% Oil, 80% Gas vs 100% Oil, 20% Gas).

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X 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 X No
Will commingling decrease the value of production? Yes No X
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 X 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 M Bates TITLE Engineering Tech DATE 11/2/2020
TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (713) 253-2885
E-MAIL ADDRESS Marshall@FAEnergyus.com

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January 7, 2021

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

Re: Carlson Harrison Federal Com #004: API 30-025-29358
Jalmat Pool: 79240
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.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Rebecca Wing
Land

fae II operating

January 7, 2021

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 Carlson Harrison Federal Com #4 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 Jalmat and Langlie Mattix Pools for its Carlson Harrison Federal Com #4 well located in Unit Letter L, Section 22, T-25S, R-37E, 1,650 feet FSL and 660 feet FWL, as shown in the attached C-102's for each zone.

The Carlson Harrison Federal Com #4 is currently open to the Yates-Seven Rivers interval, which translates to the JALMAT; TAN-YATES-7 RVRS pool [Pool ID: 79240]. The production curve for this interval is shown in Exhibit A. To develop a forecast for this zone, a decline curve was utilized based on the aforementioned historical production.

The zone that does not have production history in the Carlson Harrison Federal Com #4 is the Seven Rivers-Queen, which translates to the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a forecast for this zone, six (6) surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the Carlson Harrison Federal Com #4 by taking the historical 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 a Carlson Harrison Federal Com #4 log, Exhibit C, 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 Carlson Harrison Federal Com #4.

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 Carlson Harrison Federal Com #4 proved that an IP of 0.5 BOPD and 58 MCFPD is the expected total, and of that, 0.5 BOPD and 12 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers (Gas) is projected to yield 0.0 BOPD and 46 MCFPD with the additional intervals that will be opened up. This information along with the percentage allocation across the zones is shown in Exhibit E.

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 or by telephone at (832) 241-8080.

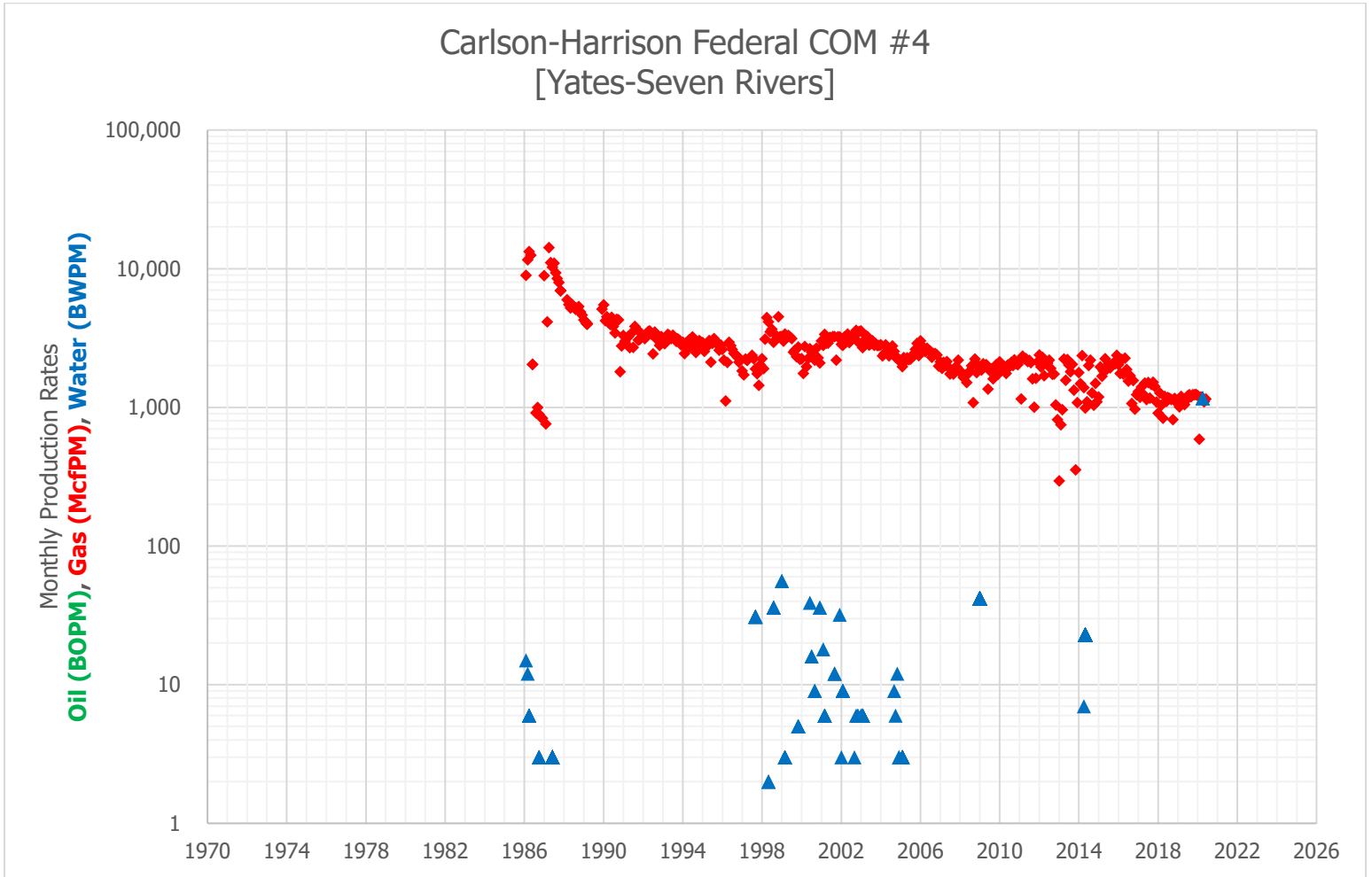
Very truly yours,



FAE II Operating, LLC

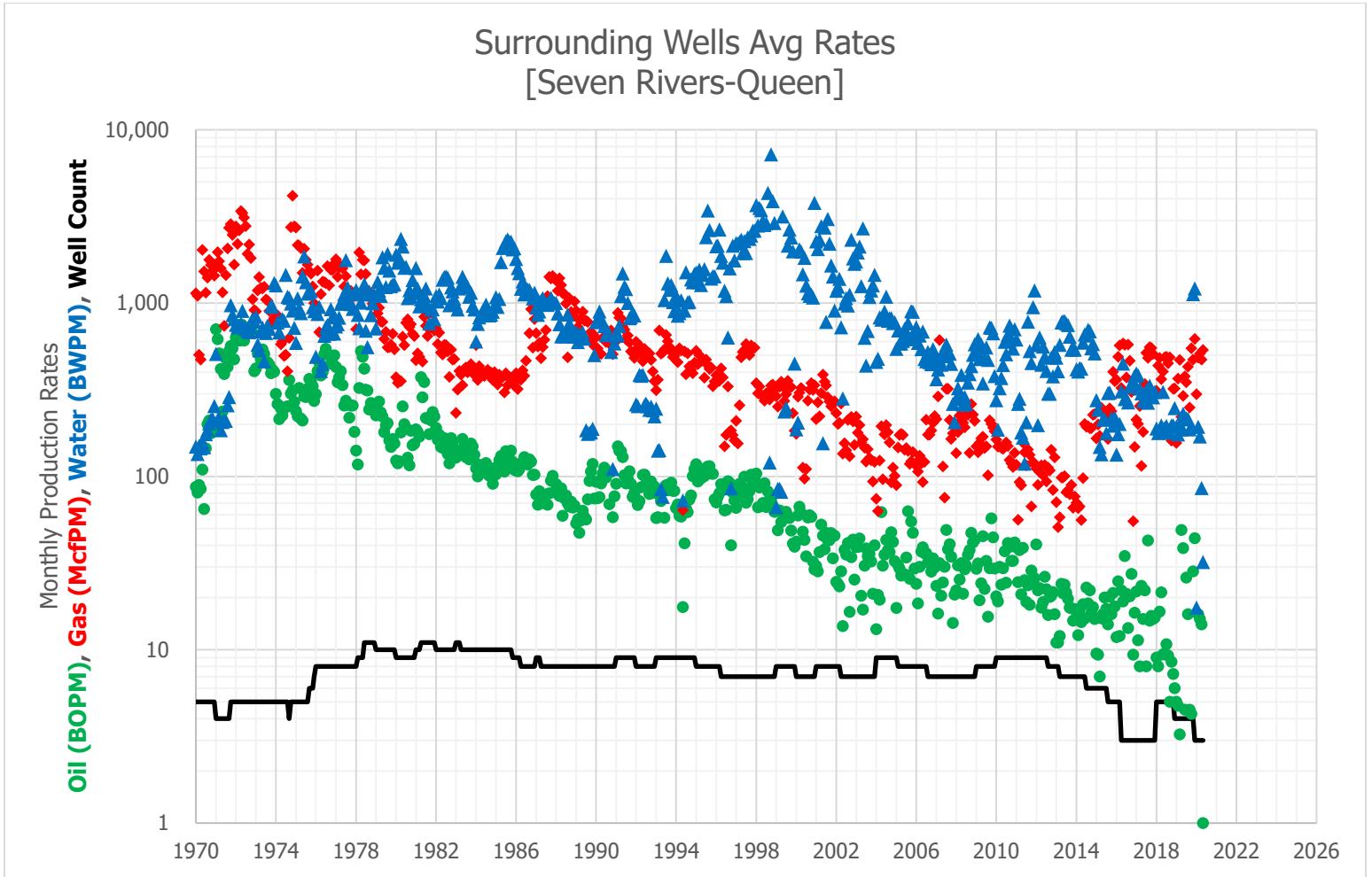
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Exhibit A – Historical and Forecast Production in the Current Zone



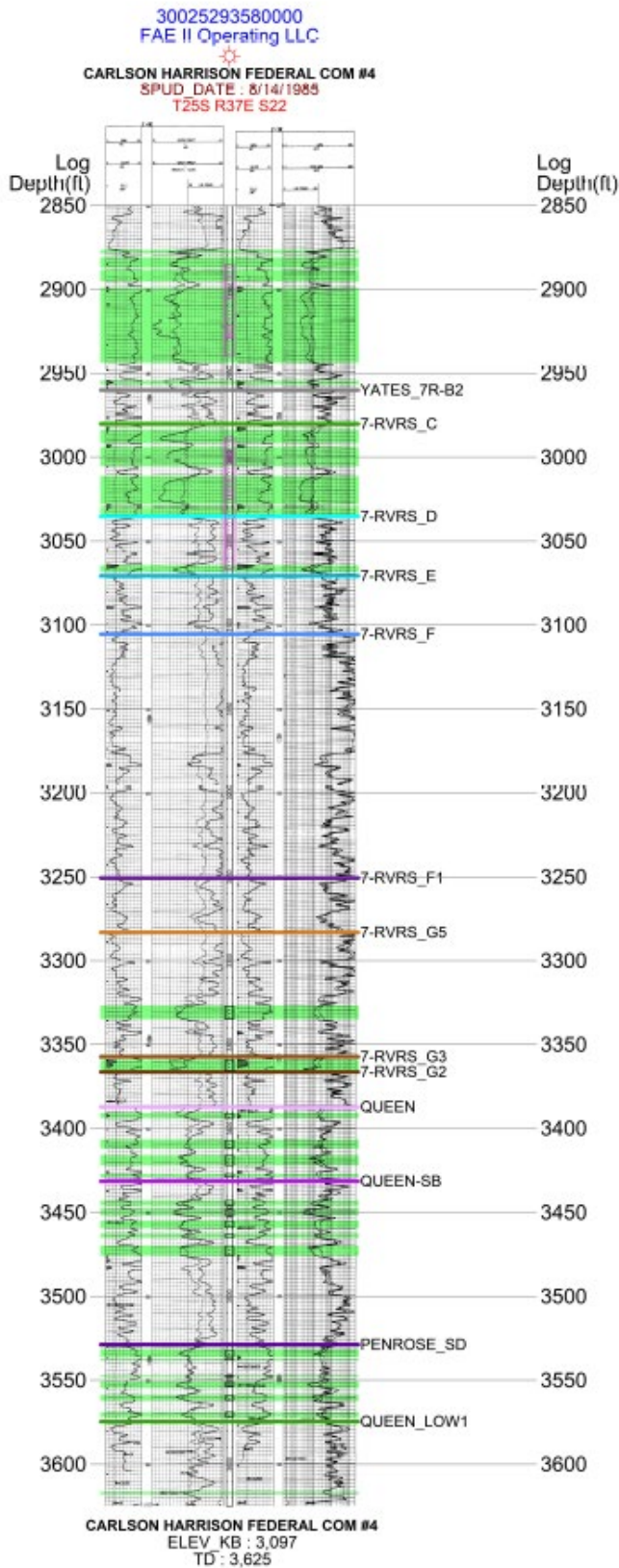
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Exhibit B – Historical Average Production in the Proposed Zone



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Exhibit C – Well Log



Proposed Perfs	
Top	Base
3327	3335
3359	3366
3391	3394
3407	3412
3416	3422
3427	3429
3443	3446
3448	3452
3455	3459
3463	3465
3470	3476
3532	3536
3537	3538
3547	3548
3551	3554
3559	3562
3569	3572

CARLSON HARRISON FEDERAL COM #4
ELEV_KB : 3,097
TD : 3,625

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Exhibit D – Historical Production and Decline Curve

Surrounding Wells Averaged Rates Avg Prod: Seven Rivers-Queen [Oil]					Carlson-Harrison Federal COM #4 Historical Prod: Yates-Seven Rivers [Dry Gas]				Synthetic Decline Curve				
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Est Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1/1/2015	10	165	275	6	1/1/2015		1,189		1	10/1/2020	15.7	1,762	556
2/1/2015	9	199	242	6	2/1/2015		1,962		2	11/1/2020	15.7	1,757	554
3/1/2015	7	171	148	6	3/1/2015		1,678		3	12/1/2020	15.6	1,753	552
4/1/2015	15	248	134	6	4/1/2015		1,837		4	1/1/2021	15.5	1,748	551
5/1/2015	16	236	212	6	5/1/2015		2,242		5	2/1/2021	15.4	1,744	549
6/1/2015	20	235	214	6	6/1/2015		1,886		6	3/1/2021	15.4	1,740	547
7/1/2015	17	221	177	6	7/1/2015		2,054		7	4/1/2021	15.3	1,735	545
8/1/2015	14	164	303	5	8/1/2015		1,927		8	5/1/2021	15.2	1,731	543
9/1/2015	20	247	305	5	9/1/2015		2,046		9	6/1/2021	15.1	1,727	542
10/1/2015	16	237	217	5	10/1/2015		2,077		10	7/1/2021	15.1	1,722	540
11/1/2015	21	401	196	5	11/1/2015		2,066		11	8/1/2021	15.0	1,718	538
12/1/2015	18	354	218	5	12/1/2015		2,370		12	9/1/2021	14.9	1,714	536
1/1/2016	12	360	134	5	1/1/2016		2,035		13	10/1/2021	14.8	1,710	535
2/1/2016	25	490	175	5	2/1/2016		1,753		14	11/1/2021	14.8	1,705	533
3/1/2016	12	569	200	5	3/1/2016		2,213		15	12/1/2021	14.7	1,701	531
4/1/2016	22	324	309	3	4/1/2016		1,738		16	1/1/2022	14.6	1,697	529
5/1/2016	19	584	447	3	5/1/2016		2,268		17	2/1/2022	14.6	1,693	528
6/1/2016	35	572	280	3	6/1/2016		1,879		18	3/1/2022	14.5	1,688	526
7/1/2016	21	371	280	3	7/1/2016		1,549		19	4/1/2022	14.4	1,684	524
8/1/2016	13	576	267	3	8/1/2016		1,696		20	5/1/2022	14.4	1,680	522
9/1/2016	20	464	328	3	9/1/2016		1,068		21	6/1/2022	14.3	1,676	521
10/1/2016	27	307	330	3	10/1/2016		1,562		22	7/1/2022	14.2	1,672	519
11/1/2016	9	55	354	3	11/1/2016		969		23	8/1/2022	14.2	1,667	517
12/1/2016	16	148	380	3	12/1/2016		1,233		24	9/1/2022	14.1	1,663	516
1/1/2017	22	212	393	3	1/1/2017		1,297		25	10/1/2022	14.0	1,659	514
2/1/2017	11	201	384	3	2/1/2017		1,182		26	11/1/2022	14.0	1,655	512
3/1/2017	8	254	321	3	3/1/2017		1,401		27	12/1/2022	13.9	1,651	510
4/1/2017	23	115	301	3	4/1/2017		1,244		28	1/1/2023	13.8	1,647	509
5/1/2017	15	181	272	3	5/1/2017		1,499		29	2/1/2023	13.8	1,643	507
6/1/2017	22	341	271	3	6/1/2017		1,138		30	3/1/2023	13.7	1,638	505
7/1/2017	8	515	313	3	7/1/2017		1,513		31	4/1/2023	13.6	1,634	504
8/1/2017	43	482	266	3	8/1/2017		1,169		32	5/1/2023	13.6	1,630	502
9/1/2017	15	557	334	3	9/1/2017		1,464		33	6/1/2023	13.5	1,626	501
10/1/2017	16	550	308	3	10/1/2017		1,520		34	7/1/2023	13.4	1,622	499
11/1/2017	15	509	286	3	11/1/2017		1,413		35	8/1/2023	13.4	1,618	497
12/1/2017	15	305	307	3	12/1/2017		1,091		36	9/1/2023	13.3	1,614	496
1/1/2018	9	312	189	5	1/1/2018		907		37	10/1/2023	13.2	1,610	494
2/1/2018	8	436	177	5	2/1/2018		1,267		38	11/1/2023	13.2	1,606	492
3/1/2018	17	482	180	5	3/1/2018		1,035		39	12/1/2023	13.1	1,602	491
4/1/2018	21	363	196	5	4/1/2018		836		40	1/1/2024	13.0	1,598	489
5/1/2018	9	402	307	5	5/1/2018		1,201		41	2/1/2024	13.0	1,594	487
6/1/2018	10	485	190	5	6/1/2018		1,104		42	3/1/2024	12.9	1,590	486
7/1/2018	11	490	195	5	7/1/2018		1,176		43	4/1/2024	12.9	1,586	484
8/1/2018	9	448	184	5	8/1/2018		1,162		44	5/1/2024	12.8	1,582	483
9/1/2018	5	485	179	5	9/1/2018		1,139		45	6/1/2024	12.7	1,578	481
10/1/2018	9	161	197	5	10/1/2018		814		46	7/1/2024	12.7	1,574	480
11/1/2018	7	320	197	5	11/1/2018		1,160		47	8/1/2024	12.6	1,570	478
12/1/2018	6	321	248	4	12/1/2018		1,085		48	9/1/2024	12.6	1,566	476
1/1/2019	5	156	193	4	1/1/2019		1,134		49	10/1/2024	12.5	1,562	475
2/1/2019	5	366	175	4	2/1/2019		1,007		50	11/1/2024	12.4	1,559	473
3/1/2019	3	469	201	4	3/1/2019		1,202		51	12/1/2024	12.4	1,555	472
4/1/2019	49	221	187	4	4/1/2019		1,067		52	1/1/2025	12.3	1,551	470
5/1/2019	39	291	230	4	5/1/2019		1,047		53	2/1/2025	12.3	1,547	469
6/1/2019	5	378	213	4	6/1/2019		1,122		54	3/1/2025	12.2	1,543	467
7/1/2019	26	349	217	4	7/1/2019		1,213		55	4/1/2025	12.1	1,539	466
8/1/2019	16	429	214	4	8/1/2019		1,232		56	5/1/2025	12.1	1,535	464
9/1/2019	5	250	187	4	9/1/2019		1,196		57	6/1/2025	12.0	1,532	462
10/1/2019	4	549	193	4	10/1/2019		1,234		58	7/1/2025	12.0	1,528	461
11/1/2019	28	472	1,125	4	11/1/2019		1,234		59	8/1/2025	11.9	1,524	459
12/1/2019	44	621	1,214	3	12/1/2019		1,243		60	9/1/2025	11.9	1,520	458
1/1/2020	1	298	18	3	1/1/2020		1,216	-					
2/1/2020	16	484	193	3	2/1/2020		590	-					
3/1/2020	15	510	170	3	3/1/2020		1,189	-					
4/1/2020	14	471	86	3	4/1/2020		1,163	1,169					
5/1/2020	1	536	32	3	5/1/2020		1,097						
					6/1/2020		1,151						

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Exhibit E – 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 (Gas)	0.0	46	10
Langlie Mattix	Seven Rivers-Queen (Oil)	0.5	12	9
	Total	0.5	58	19
Jalmat	Yates-Seven Rivers (Gas)	0%	80%	6%
Langlie Mattix	Seven Rivers-Queen (Oil)	100%	20%	94%
	Total (%)	100%	100%	100%

WELL LOCATION AND ACREAGE DEDICATION PLAT

Superseded by 1-1-65
Effective 1-1-65

REVISED

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

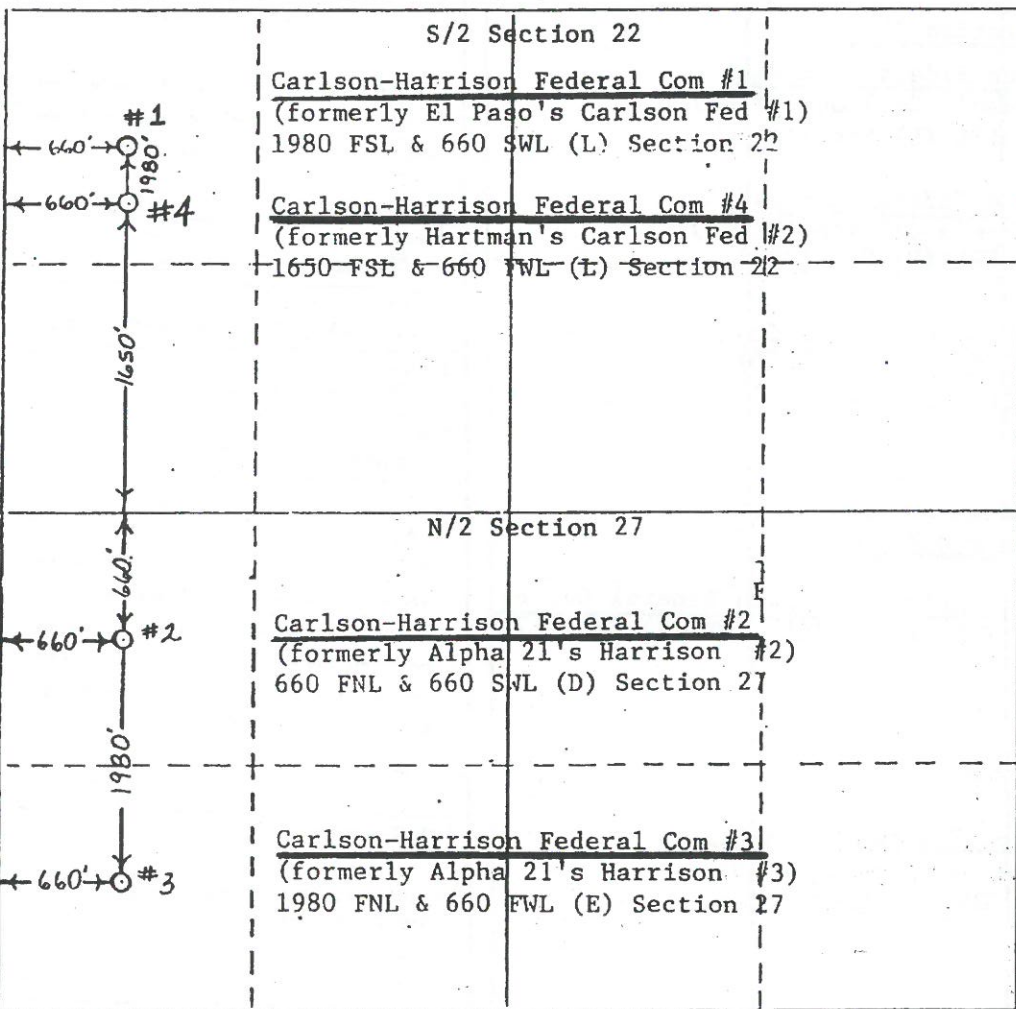
Operator Doyle Hartman			Lease Carlson-Harrison Federal Com		Well No. 4		
Well Letter L	Section 22	Township 25S	Range 37E	County Lea			
Actual Test Log Location of Well:							
1650	feet from the	South	line and	660	feet from the	West	line
Ground Level Elev. 3086.6	Producing Formation Yates		Pool Jalpat (Gas)	Dedicated Acreage 200			

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 Compulsory Pooling Hearing Held 10-09-85

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.

M Bates

Name Marshall Bates
Position Engineering Tech
Company FAE II Operating, LLC
Date 11/2/2020

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.

200 ac VSP R 12.3

WELL LOCATION AND ACREAGE DEDICATION PLAT

Supersedes 1-1-18
Effective 1-1-19

REVISED

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

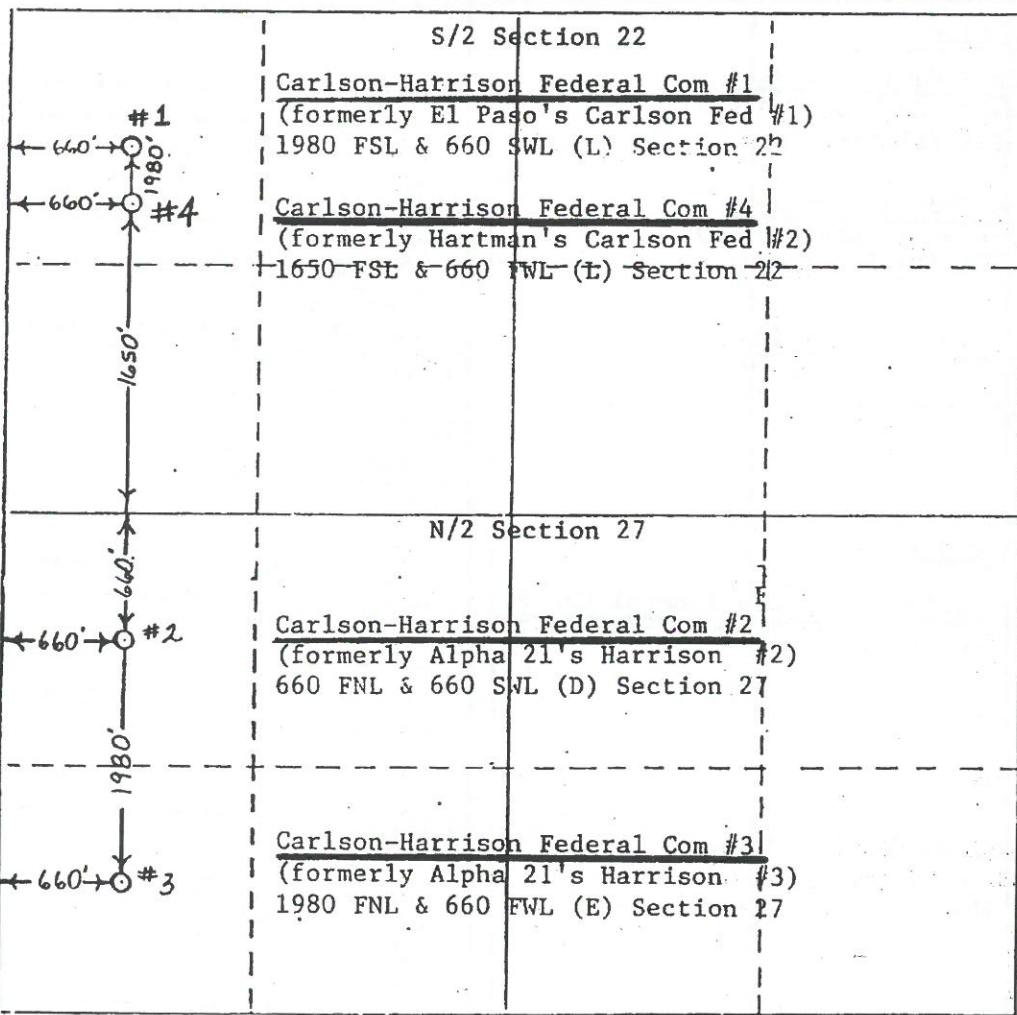
Operator Doyle Hartman			Lease Carlson-Harrison Federal Com			Well No. 4
Well Letter L	Section 22	Township 25S	Range 37E	County Lea		
Actual Footage Location of Well:						
1650	feet from the	South	line and	660	feet from the	West
Ground Level Elev. 3086.6	Producing Formation Seven Rivers - Queen		Pool Langlie Mattix	Dedicated Acreage 200		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 Compulsory Pooling Hearing Held 10-09-85

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.

M Bates

Name **Marshall Bates**
 Position **Engineering Tech**
 Company **FAE II Operating, LLC**
 Date **11/2/2020**

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.

200 ac VSP R 1303

SENDER: COMPLETE THIS SECTION

1. Article Addressed to:
Complete items 1, 2, and 3.
Print your name and address on the reverse so that we can return the card to you.
■ Attach this card to the back of the mailpiece, or on the front if space permits.

BLM - New Mexico State Office
301 Dinosaur Trail
Santa Fe, NM 87508



9590 9402 5648 9308 7217 13

2. Article Number (Transfer from service label)

7020 0540 0000 9346 8362

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
R Duran

B. Received by (Printed Name) Address
Regina Duran C. Date of Delivery
2-8-21

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type Priority Mail Express®

Adult Signature Restricted Delivery Registered Mail™

Certified Mail® Registered Mail Restr

Collect on Delivery Restricted Delivery Return Receipt for Merchandise

Collect on Delivery Restricted Delivery Signature Confirmation

Insured Mail Signature Confirmation Restricted Delivery

Registered Mail Signature Confirmation Restricted Delivery

Registered Mail Signature Confirmation Restricted Delivery

Additional charges apply.

Domestic Return Receipt

From: [Marshall Bates](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXT] RE: Downhole Commingling Application DHC-5106
Date: Wednesday, February 3, 2021 3:16:09 PM

Mr. McClure,

Following our conversation today about how to notify the BLM, here is the certified mail tracking number – 7020 0640 0000 9346 8362 – this will be the same number for all of the following downhole commingling applications:

1. DHC 5106 – Wells A #8
2. DHC 5114 – Harrison Federal WB #1
3. DHC 5104 – Carlson Harrison Federal Com #4
4. DHC 5115 – Santa Fe Federal #1
5. DHC 5101 – Jack B 30 #1
6. DHC 5092 – Jack B 30 #3

We are grateful for your guidance on this, and we hope that this tracking number is sufficient to demonstrate BLM notification for the aforementioned applications.

Thank you,

Marshall Bates
Forty Acres Energy
11757 Katy Fwy. Ste. 1000
Houston, TX 77079
C: (713) 253-2885

From: [Marshall Bates](#)
Sent: Friday, January 29, 2021 12:53 AM
To: [McClure, Dean, EMNRD](#)
Cc: [Shepard, Jonathon W](#)
Subject: RE: Downhole Commingling Application DHC-5106

Mr. McClure,

Please see the attached Sundry Notice that I am happy to send to the BLM, although I have learned that these Sundries are not necessary when there is identical ownership between the pools. Are you looking for certified mail tracking number?

Sorry for the confusion on the Jalmat pool, we would like to confirm that it is the gas pool (79240).

Thank you,

Marshall Bates

Forty Acres Energy
11757 Katy Fwy. Ste. 1000
Houston, TX 77079

From: [McClure, Dean, EMNRD](#)

Sent: Tuesday, January 19, 2021 3:03 PM

To: [Marshall Bates](#)

Subject: Downhole Commingling Application DHC-5106

Mr. Bates,

I am reviewing the downhole commingling application (DHC-5106) for the Wells A #8 (30-025-23857) operated by FAE II Operating, LLC (329326).

Please confirm the Jalmat pool for this well. The application and attached C-102 indicates that the well is within the oil pool (33820), but OCD currently has it as the gas pool (79240).

Please submit either the tracking number for the certified mail sent to the BLM or a copy of the sundry submitted to the BLM notifying them of the application.

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

From: [McClure, Dean, EMNRD](#)
To: [Marshall Bates](#)
Subject: DHC-5104 application
Date: Thursday, March 4, 2021 3:54:00 PM

Mr. Bates,

Upon review of the Carlson Harrison Federal Com #4 (30-025-29358), OCD's District Geologist has identified the top of the Queen formation at 3,400 feet. This then stipulates that the pool boundary between the Jalmat and Langlie Mattix pools resides at 3,300 feet. Please take note of this change for future reference.

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

From: [Engineer, OCD, EMNRD](#)
To: [Marshall Bates](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); lisa@rwbyram.com; [Glover, James](#); kparadis@blm.gov; [Walls, Christopher](#)
Subject: Approved Administrative Order DHC-5104
Date: Monday, March 8, 2021 4:53:08 PM
Attachments: [DHC5104 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5104 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Carlson Harrison Federal Com #4 well (30-025-29358).

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

API	LOC	RUSLER	TAN	YATES	7R	QU	PROPOSED JALMAT PERFS	POOL BOUNDRY	PROPOSED LANGLIE PERFS	ABOVE QUEEN
30-025-35139	JACK B 30 #003			2912	3160	3580	2925-3418	3480	3451-3608	100
30-025-11284	JACK B 30 #001	1128	2820	2920	3162		3358-3425		3443-3614	100
30-025-26536	POSSH #004	1165		2850	3128	3500	3043-3378	3400 est	3461-3520	100
30-025-29358	CARLSON HARRISON FED COM #004	890	2560	2718	3036	3400	2888-3068	3300	3328-3570	100
30-025-23857	WELLS A #008	1157	2686	2846	3077		2850-3350		3350-3450	100
30-025-26757	ARNOTT RAMSAY NCT-B #009	936	2560	2694	2954	3341	3100-3240	3241	3240-3680	100
30-025-11864	ARNOTT RAMSAY NCT-B #001		2610	2761	3006		3170-3325		3325-3400	100
30-025-25941	CITGO AS STATE #002	1213		2980	3195	3620	2822-3504	3520	3504-3754	100
30-025-26046	CITGO AS STATE #003	1190	2843	2997	3216	3636	2841-3518	3534	3518-3801	100
30-025-34486	CITGO AS STATE #004	1226	2916	3072	3297		2918-3605		3605-3783	100
30-025-28067	LANGLIE A STATE #003						2638-3294		3294-3367	100
30-025-11805	HARRISON WB #001	845		2674	2920		2515-3270		3270-3370	100
30-025-26563	SANTA FE FEDERAL #001	881	2494	2680	2908	3338	2517-3252	3238	3252-3400	100
30-025-35329	ARNOTT RAMSAY NCT-A #006						3066-3490		3490-3600	100
30-025-11854	DYER #002	950		2810	3064		2778-3340		3340-3550	100
30-025-11855	DYER #003						2778-3340		3340-3550	100
30-025-11874	R O GREGORY #003				2814		2610-3140		3140-3285	100
30-025-10805	STEELER A #001	1044		2810	3074	3404	2700-3370		3370-3680	100
30-025-28044	STEELER A #004			2754	3010	3430	2700-3370		3370-3680	100
30-025-09718	WELLS B 1 #001						2700-3325		3325-3547	100

State of New Mexico
Energy, Minerals and Natural Resources Department

Notice

Order: **DHC-5104**

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

Publication Date:

Date Sent: **2/3/2021**

Noticed Persons

Date	Person	Certified Tracking Number	Status
2/8/2021	BLM	7020 0640 0000 9346 8362	Delivered

**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-5104

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 percent (150%) 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. Prior to commingling production from the Pools within the Well's well bore, Applicant shall confirm the depth of the top of the Queen Formation with OCD's District Geologist. If the depth confirmed by OCD's District Geologist is different than the depth submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after commingling production, Applicant shall submit Form C-103 to the OCD Engineering Bureau correcting the depth of the top of the Queen Formation.
5. 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.
6. 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: 3/08/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5104**

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

Well Name: **Carlson Harrison Federal Com #4**

Well API: **30-025-29358**

Upper Zone	Pool Name: JALMAT; TAN-YATES-7 RVRS (GAS)	Current: X	New:
	Pool ID: 79240	Oil: 0%	Gas: 80%
	Allocation: Fixed Percent	Top: 2,888	Bottom: 3,068
	Interval: Perforations		

Intermediate Zone	Pool Name:	Current:	New:
	Pool ID:	Oil:	Gas:
	Allocation:	Top:	Bottom:
	Interval:		

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

Lower Zone	Pool Name: LANGLIE MATTIX;7 RVRS-Q-GRAYBURG	Current:	New: X
	Pool ID: 37240	Oil: 100%	Gas: 20%
	Allocation: Fixed Percent	Top: 3,327	Bottom: 3,570
	Interval: Perforations		

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

Top of Queen Formation: **3400**

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 14251

CONDITIONS OF APPROVAL

Operator:	FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	OGRID:	329326	Action Number:	14251	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.