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NEW MEXICO OIL CONSERVATION DIVISION         - Geological & Engineering Bureau -         1220 South St. Francis Drive, Santa Fe, NM 87505 <b>ADMINISTRATIVE APPLICATION CHECKUST</b> Intercreating LLC         OGRID Number: 30936         Mell Name: Santa Fe Federal #001         Monte: Santa Fe Federal #001         Pool: Jalmat         SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION: Check those which apply for [A]         A. Location - Spacing Unit - Simultaneous Dedication         INSPEriorman         INSPEriorman	APP NO:	
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### $\underline{\omega}$ **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 notifications are submitted to the Division. understand that no action will be taken on this application until the required information and

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

Print or Type Name David Schellstede

> Date 202

832-220-3202 Phone Number

e-mail Address David@FAEnergyus.com

Signature

32) 241-8080	TELEPHONE NO. (832	Marshall Bates	TYPE OR PRINT NAME
DATE 124 21	Engineering Tech I	TITLE	SIGNATURE M BATCA
	ie best of my knowledge and belief	above is true and complete to th	I hereby certify that the information above is true and complete to the best of my knowledge and belief.
	proved Pools Approved Pools were provided notice of this application.	l Pre-Approved Pools sed Pre-Approved Pools were provi	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 ap Bottomhole pressure data.
	Pre-Approved Pools	e commingling within the proposed	List of other orders approving downhold
be required:	If application is to establish Pre-Approved Pools, the following additional information will be required:	to establish Pre-Approved Pools, the	If application is
	VED POOLS	PRE-APPROVED POOLS	
	uncommon interest cases. ningling.	Any additional statements, data or documents required to support comminging.	Any additional statements, data or documents required to support commingling.
	eage dedication. ttach explanation.) pporting data.	led showing its spacing unit and acreage dedication. at least one year. (If not available, attach explanation.) y, estimated production rates and supporting data.	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 explanatio For zones with no production history, estimated production rates and supporting data.
		e to this well:	NMOCD Reference Case No. applicable to this well:
YesXNo	• Commissioner of Public Lands f this application?	, state or federal lands, has either the nagement been notified in writing o	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?
YesNoX		production?	Will commingling decrease the value of production?
Yes_ $X_No_{$	her?	ngled zones compatible with each ot	Are all produced fluids from all commingled zones compatible with each other?
$\frac{\text{Yes}}{\text{Yes}} \frac{X}{\text{No}} \frac{\text{No}}{\text{No}}$	mingled zones? notified by certified mail?	royalty interests identical in all com priding royalty interest owners been	Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?
	AL DATA	ADDITIONAL DATA	
82 % 81 %	% %	18 % 19 %	than current or past production, supporting data or explanation will be required.)
Oil Gas	Oil Gas	Oil Gas	Fixed Allocation Percentage (Note: If allocation is based upon something other
Rates:	Rates:	Rates:	estimates and supporting data.)
See Attached Date:	Date:	See Attached Date:	Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production
Producing		Producing	Producing, Shut-In or New Zone
35.0 API / 1.226 BTU		35.0API / 1.226 BTU	Oil Gravity or Gas BTU (Degree API or Gas BTU)
Artificial Lift		Artificial Lift	Method of Production (Flowing or Artificial Lift)
3,252' - 3,400'		2,517-3,252'	Top and Bottom of Pay Section (Perforated or Open-Hole Interval)
37240		79240	Pool Code
Langlie Mattix		Jalmat	Pool Name
LOWER ZONE	INTERMEDIATE ZONE	UPPER ZONE	DATA ELEMENT
County FederalStateFee	Unit Letter-Section-Township-Range 30-025-26563 Vo. Lease Type:	329844 API No.	Lease 329326 OGRID No Property Code
Lea	Address M-27-25S-37E	Address M-27-2:	Operator Santa Fe Federal
	1000, Houston, TX 77079	11757 Katy Fwy. Ste. 100	FAE II Operating, LLC
X Yes No	APPLICATION FOR DOWNHOLE COMMINGLING	APPLICATION FOR DO	DISUICE IV 1220 S. St. Francis Dr., Santa Fe, NM 87505
APPLICATION TYPE X Single Well Establish Pre-Approved Pools EXISTING WELLBORE	ion Division Trancis Dr. Mexico 87505	<b>Oil Conservation Division</b> 1220 South St. Francis Dr. Santa Fe, New Mexico 87505	811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IVI
Form C-107A Revised August 1, 2011	State of New Mexico Energy, Minerals and Natural Resources Department	State of New N Energy, Minerals and Nat	District I 1625 N. French Drive, Hobbs, NM 88240 District II

E-MAIL ADDRESS

Marshall @ FAEnersyus. com

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Page 2 of 23

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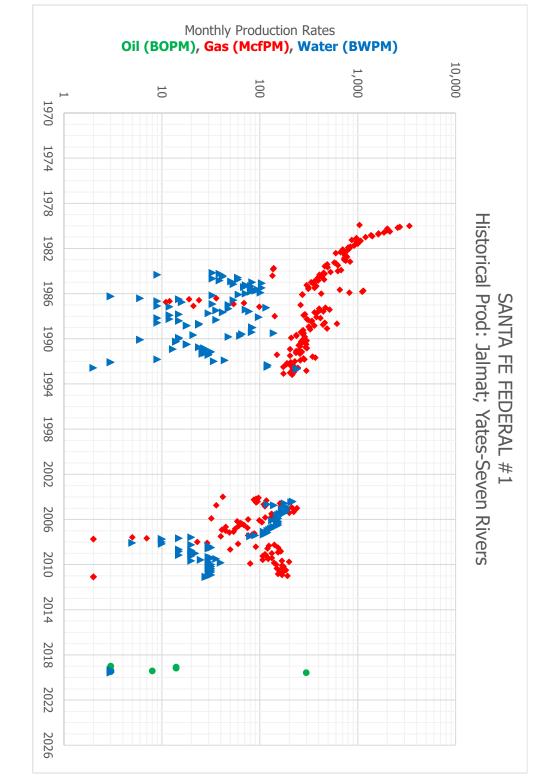
1   Pag	FAE II Operating, LLC	mester	marshall@faenergyus.com or by telephone at (832) 241-8080. Very truly yours,	After a review of internal records, the interest owners are identical for the aforementioned wells. As such, notification to the relevant parties of our intent to commingle production will 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 the production is the interest of conservation and will not result in reduced royalty or improper measurement of the production is in the interest of conservation and will not result in reduced royalty or improper measurement of the production is in the interest of conservation and will not result in reduced royalty or improper measurement of the production is in the interest of conservation and will not result in reduced royalty or improper measurement of the production is in the interest of conservation and will not result in reduced royalty or improper measurement of the production is in the interest of conservation and will not result in reduced royalty or improper measurement of the production is in the interest or conservation and will not result in reduced royalty or improper measurement of the production is in the interest or conservation and will not result in reduced royalty or improper measurement of the production is in the interest or conservation and will not result in reduced royalty or improper measurement of the production is in the interest or conservation and will not result in reduced royalty or improper measurement of the production is in the interest or conservation and will not result in reduced royalty or improper measurement of the production is in the interest or conservation and will not result in reduced royalty or improper measurement of the production is in the interest or conservation and will not result in reduced royalty or improper measurement of the production is in the interest or conservation and will not result in the production is in the interest or conservation and will not result in the production and will not result in the produ	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 C. This forecast for the Santa Fe Federal #1 proved that an IP of 1.0 BOPD and 16.0 MCFPD is the expected total, and of that, 0.8 BOPD and 13.0 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 0.2 BOPD and 3.0 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.	The zone that does not have production history in the Santa Fe Federal #1 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, fourteen (14) surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the Santa Fe Federal #1 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.	The Santa Fe Federal #1 is currently open to the Yates-Seven Rivers interval, which translates to the JALMAT; TAN-YATES-7 RVRS [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.	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 Santa Fe Federal #1 well located in Unit Letter M, Section 27, T-25S, R-37E, 660 feet FSL and 660 feet FWL, as shown in the attached C-102's for each zone.	Dear Mr. McClure:	Re: Application of FAE II Operating, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Jalmat and Langlie Mattix Pools for the Santa Fe Federal #1 well located in Sec. 27, T-25S, R-37E, Lea County, New Mexico	Mr. Dean McClure New Mexico Energy, Minerals and Natural Resources Department 1220 South St. Francis Drive Santa Fe, New Mexico 87505	VIA ONLINE FILING	January 24, 2021	fae operating
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**Page 4 of 23** 

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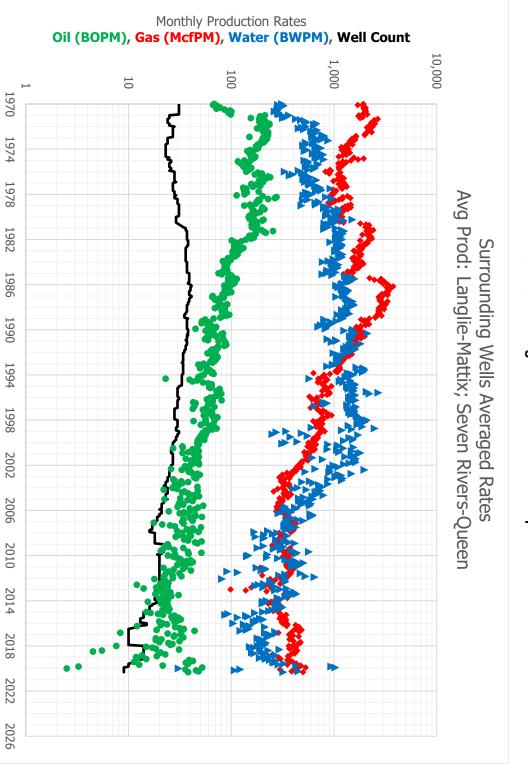
Exhibit A – Historical and Forecast Production in the Current Zone



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

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## Exhibit C – Historical Production and Decline Curve

	St Avg Pro	urrounding d: Langlie	g Wells Ave Mattix; Sev	Surrounding Wells Averaged Rates Avg Prod: Langlie-Mattix; Seven Rivers-Queen	ieen	Historica	SANTA FE al Prod: Jalm	SANTA FE FEDERAL #1 Historical Prod: Jalmat; Yates-Seven Rivers	ven Rivers		Synthetic E	Synthetic Decline Curve	ľ
1.1         1.2         2.0 <th2.0< th=""> <th2.0< th=""> <th2.0< th=""></th2.0<></th2.0<></th2.0<>		Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
16         396         391         14         3/1/1015         -         -         1         2         301         40         3/1/1015           21         312         315         116         3/1/1015         -         1         2         301         401           21         315         116         11         3/1/1015         -         1         1         3         301         401           315         116         11         3/1/1015         -         1         1         3         301         401           317 <td></td> <td>15</td> <td>286</td> <td>204</td> <td>14</td> <td>1/1/2015</td> <td></td> <td></td> <td></td> <td>1</td> <td>30.9</td> <td>486</td> <td>265</td>		15	286	204	14	1/1/2015				1	30.9	486	265
2         30         90         10         30000         -         -         1         3000         40         30000         40         30000         40         30000         40         30000         40         30000         40         30000         40         30000         40         30000         40         40         30000         40         30000         40         30000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         4000000         40000000         4000000         40000000	2/1/2015	16	295	170	14	2/1/2015				2	30.7	485	264
	3/1/2015	דד גד	290 342	87	14	3/ 1/ 2015 4/1/2015				4 0	30.4	404 483	262
1         1	5/1/2015	 28	332	139	14	5/1/2015		,		<u>л</u>	30.3	481	263
No.         No. <td>6/1/2015</td> <td>26</td> <td>304</td> <td>146</td> <td>14</td> <td>6/1/2015</td> <td></td> <td></td> <td></td> <td>6</td> <td>30.2</td> <td>480</td> <td>261</td>	6/1/2015	26	304	146	14	6/1/2015				6	30.2	480	261
27         361         660         67         6	7/1/2015	30	315	115	14	7/1/2015	,			7	30.0	479	260
M         M	8/1/2015	27	295	189	13	8/1/2015				0 00	29.9	478	259
100         101         1111         1111         1111         1111         111	9/1/2015	32	341	177	13	10/1/2015				10	29.7	477	258
201         101         101/1000         1         101/1000         1         101/1000         1         101/1000         1         101/1000         1         101/1000         1         101/1000         1         101/1000         1         101/1000         1         101/1000         1         101/1000         <	11/1/2015	20	337	165	13	11/1/2015				11 12	دع. 29.4	474	256
21         316         111	12/1/2015	28	310	171	13	12/1/2015				12	29.3	473	255
11         131         132         143         141/4         141         141         240         441           11         444         141         44/2006         1         14         240         441           131         445         131         44/2006         1         14         240         440           131         445         141         9/12006         1         1         240         440           141         9/12006         1         9/12006         1         1         220         240         240           141         9/12006         1         1/1/12006         1         1         200	1/1/2016	22	316	104	15	1/1/2016		1		13	29.2	472	255
12         643         153         51/206         -         -         -         1         15         25/2         46/2	2/1/2016	24	353	132	15	2/1/2016				14	29.0	471	254
30         43         151         121         54/2006         -         -         1         15         26         46           31         421         146         131         11/2006         -         -         1         15         26.5         46.6           31         421         146         131         11/2006         -         -         1         15         28.5         46.6           31         421         146         11/2006         -         -         1         12         28.6         46.7           31         427         123         121         121/2006         -         -         1         12         28.7         46.7           31         327         22.7         101         121/2006         -         -         1         27.7         46.7           31         367         123         367         121         367         121         367         121         367         141         367         367         46.7           31         367         141         31/2007         -         -         1         37.7         46.7           31         467         131	3/1/2016	21	423	133	15	3/1/2016			ı	15	28.9	470	253
31         431         441	4/1/2016	12	344	151	12	4/1/2016				16	28.7	468	252
9.1         4.1         4.00         1.1         1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	5/1/2016	21	456	140	12	5/1/2016				10	28.6 70 E	46/	251
19         472         474         67         6	0/1/2016	70	401	1/12	10	0/ 1/2016				10	2.07	400	250
44         400         123         10         10/1006         -         -         1         2         2         2         3         4         4           8         287         223         367         273         30         11/1006         -         -         -         1         23         23         275         30         11/1006         -         -         1         23         278         40           23         367         273         10         11/1007         -         -         -         1         23         278         40           24         367         274         10         11/1007         -         -         -         1         23         277         445           211         367         159         10         11/1007         -         -         -         1         33         266         451           211         367         146         11/1007         -         -         -         1         33         265         440           211         367         141         11/1007         -         -         -         1         33         265         440	8/1/2016	19	482	141	10	8/1/2016				20	28.2	464	249
B         def         for         for <thor< th=""> <thor< th=""> <thor< th=""></thor<></thor<></thor<>	9/1/2016	44	400	123	10	9/1/2016				21	28.1	463	248
No.         No. <td>10/1/2016</td> <td>33</td> <td>457</td> <td>267</td> <td>10</td> <td>10/1/2016</td> <td></td> <td></td> <td></td> <td>22</td> <td>27.9</td> <td>461</td> <td>247</td>	10/1/2016	33	457	267	10	10/1/2016				22	27.9	461	247
32         367         226         10         11/1000         -         -         1         25         25         40           38         397         223         10         31/1007         -         -         1         25         27.5         465           38         397         123         397         135         136         137         36         137         36         27.1         455           313         396         139         10         91/1007         -         -         1         38         27.1         445           21         367         196         10         91/1007         -         -         1         38         27.1         445           21         367         194         10         11/1007         -         -         1         38         26.2         444           14         144         144         144         144         144         144         145         38         26.5         444           14         141/1008         -         -         1         38         26.5         444           14         141/11/1018         14         111/1018         <	91/0/1/2U16	8	277	212	10	910C/1/CT				27	27.8	460	240
28         397         244         10         2/1/207         -         -         -         1         2/2         10         2/1/207         -         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         -         1         2/2         10         2/1/207         1         1         2/2         1         2/2         1         2/2         1         2/2         11         2/2         1         2/2         11         2/2         11         2/2         11         2/2         11         2/2         11         2/2         11         2/2         11         2/2         11         2/2         11         2/2	1/1/2017	32	365	236	10	1/1/2017				25	27.5	458	245
38         453         223         10         3//2007         -         -         1         27         45           18         383         180         190         10         5//2007         -         -         1         23         27.1         455           18         387         199         10         5//2007         -         -         1         23         27.0         435           18         387         199         10         6//2007         -         -         1         32         26.6         430           20         477         2.18         10         10//2007         -         -         1         33         26.6         440           19         447         134         14//2008         -         -         1         33         26.6         440           18         386         191         14         11//2008         -         -         1         40         25.5         443           19         362         200         14         11//2008         -         -         1         40         25.5         440           10         410         110//2008         - <td>2/1/2017</td> <td>28</td> <td>397</td> <td>244</td> <td>10</td> <td>2/1/2017</td> <td></td> <td></td> <td></td> <td>26</td> <td>27.4</td> <td>457</td> <td>244</td>	2/1/2017	28	397	244	10	2/1/2017				26	27.4	457	244
34         380         223         10         4/1007         -         -         1         2         2         10         4/1007         -         1         2         2         10         2         2         10         2         2         10         2         2         10         3         2         10         3         2         10         3         2         10         3         2         10         3         2         10         3         2         10         3         2         10         3         2         10         3 <th< td=""><td>3/1/2017</td><td>28</td><td>453</td><td>229</td><td>10</td><td>3/1/2017</td><td></td><td></td><td></td><td>27</td><td>27.3</td><td>456</td><td>243</td></th<>	3/1/2017	28	453	229	10	3/1/2017				27	27.3	456	243
11         333         130	4/1/2017	34	380	223	10	4/1/2017				28	27.1	455	242
	5/1/2017	18	383	180	10	5/1/2017				29	27.0	453	242
31         403         190         10         8/1/2017         -         -         1         22         2.66         4.50           24         4.71         2.86         10         10/1/2017         -         -         1         33         2.62         4.60           27         4.44         194         10         11/1/2017         -         -         1         33         2.62         4.41           15         366         151         14         2/1/2018         -         -         1         37         2.60         4.44           15         366         151         14         2/1/2018         -         -         1         37         2.60         4.41           16         4.22         197         1.4         4/1/2018         -         -         1         4.12         2.55         4.40           20         397         1.59         1.4         4/1/2018         -         -         1         4.12         2.55         4.40           21         34         270         1.4         4/1/2018         -         -         1         4.12         2.55         4.40           21         34 </td <td>7/1/2017</td> <td>18</td> <td>396</td> <td>199</td> <td>10</td> <td>7/1/2017</td> <td></td> <td></td> <td></td> <td>31</td> <td>26.8</td> <td>451</td> <td>240</td>	7/1/2017	18	396	199	10	7/1/2017				31	26.8	451	240
20         471         206         10         9/1/2017         -         -         1         33         265         449           27         444         194         10         11/1/2017         -         -         1         33         26.5         449           26         404         213         10         12/1/2017         -         -         1         35         26.2         447           15         366         151         14         2/1/2018         -         -         1         38         25.9         443           16         438         2.9         14         3/1/2018         -         -         1         38         25.5         441           31         442         2.9         14         5/1/2018         -         -         1         41         2.5.5         440           31         342         2.09         14         5/1/2018         -         -         1         41         2.5.5         440           31         345         2.00         14         5/1/2018         -         -         1         41         2.5.5         449         435         435         435         <	8/1/2017	31	403	190	10	8/1/2017				32	26.6	450	239
200         447         218         10         11/1/2017         -         -         -         3         2         2         447         213         10         11/1/2017         -         -         3         2         2         3         2         2         3         2         2         4         4         3         2         2         3         2         2         4         4           15         362         141         1/1/2018         -         -         -         3         2         2         446           16         382         197         14         1/1/2018         -         -         -         1         3         2         5         441           11         4/2         114         4/1/2018         -         -         -         1         442         2         5         441           31         422         141         8/1/2018         -         -         -         1         412         25.5         443           11         8/1/2018         -         -         -         -         44         25.1         433           12         28/2         10	9/1/2017	20	471	206	10	9/1/2017			,	2 33	26.5	449	238
6         404         134         10         11/1/2018                              1           1           1           1	10/1/2017	24 77	467	10/	10	10/1/2017				34	26.4	448	238
8         322         181         14         1///2018         -         -         37         260         444           15         386         151         14         2///2018         -         -         38         35         55         443           16         386         191         14         2///2018         -         -         1         38         25         443           31         424         294         14         2///2018         -         -         1         41         25         440           50         423         297         149         1///2018         -         -         1         42         25.5         440           50         397         159         14         1///2018         -         -         1         442         25.4         433           16         314         31//2018         -         -         1         445         25.0         443           17         354         240         12         11//2019         3         -         1         44         25.1         432           18         420         217         11         11//2019         3 </td <td>12/1/2017</td> <td>26</td> <td>404</td> <td>213</td> <td>10</td> <td>12/1/2017</td> <td></td> <td></td> <td></td> <td>36</td> <td>26.1</td> <td>446</td> <td>236</td>	12/1/2017	26	404	213	10	12/1/2017				36	26.1	446	236
15         36         151         14         21/2018          13         32.5         443           18         362         197         14         41/2018          1         39         25.7         442           18         362         197         14         41/2018          1         40         25.7         442           31         421         224         14         61/2018          1         41         25.5         440           5         437         197         14         61/2018          1.4         41         25.4         439           20         347         167         14         81/2018          1.4         42         25.4         439           21         252         208         14         91/2018          1.4         45         25.0         433           12         285         212         14         11/2019         3          1         46         24.9         433           12         286         217         11         11/2019         3         55         24.1         427	1/1/2018	8	362	181	14	1/1/2018				37	26.0	444	235
17         425         167         14         31/2018           39         25.7         442           31         424         294         14         51/2018          1         42         25.6         441           31         424         294         14         51/2018          1         42         25.6         441           31         424         292         14         61/2018           1         42         25.4         439           5         422         197         14         61/2018           1         42         25.4         439           20         437         1.97         14         81/2018           1         42         25.1         435           14         374         207         14         91/2018           1         42         24.7         433           14         374/2018         -1         11/2018           1         44         24.7         433           15         301         217         14         21/2009         -1	2/1/2018	15	386	151	14	2/1/2018				38	25.9	443	235
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	0202/1/2	38	498	3/1	<u>د</u>	5/1/2020							

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

100%	100%	100%	Total (%)	
87%	81%	82%	Seven Rivers-Queen	Langlie Mattix
13%	19%	18%	Yates-Seven Rivers	Jalmat
8.7	16.0	1.0	Total	
7.6	13.0	0.8	Seven Rivers-Queen	Langlie Mattix
1.1	3.0	0.2	Yates-Seven Rivers	Jalmat
Water IP (BWPD)	Gas IP (MCFD)	Oil IP (BOPD)	Zone (2)	Zone (1)

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0 330 840 87 1	LC-032579-e (40 acres) 660 660		<ol> <li>If more than one lead and royalty)</li> <li>If more than one lead duted by communitized duted by communitized (X) Yew (1) No.</li> <li>If answer is "no." lift this form if necessary No allowable will be forced-pooling, or otherwise.</li> </ol>	Coto 112.0
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2440 2000 1800			d to the well, outly whership is dedica to force-pooling etc "vest" type of consu- til tract description well until all intere non-standard unit.	tocation and ACREAGE DEP tocation and ACREAGE DEP to and the true be aver boundary to a true be aver be aver boundary to a true be aver be aver boundary to a true be aver be aver be aver be aver be aver boundary to a true be aver boundary to a true be aver boundary to a true be aver boundary to a true be aver boundar
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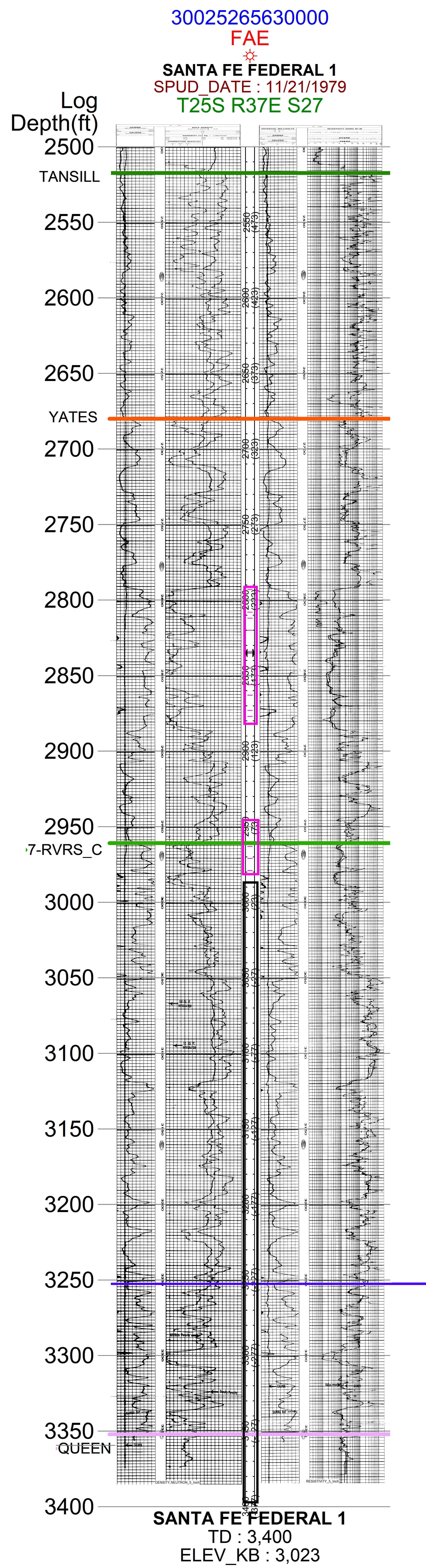
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Recei	ved by OCD: 1/25/202	1 9:41:52 AM			Page 10 of 23
0 330 640 97 1320 1690 1890 2310 2640	40 acres)	LC-032579-f (80 acres)		3. If more than one lease of different on dated by communitization, unitization [X' Yew	M WEI MAR I Operating LLC AR I Operating LLC AR I Operating LLC AR I Operating LLC I more than one leave is deducated to I more than one leave is deducated I more than one leave is deducated
204 304. 00%1 00%	CONTRACTOR ON THE			Amership is dedicated to the well, have the force-pooling etc? "Yes," type of consulidation <u>Community</u> id tract descriptions which have all tually b well until all interests have been consulid non-standard unit, eliminating such intere	Cation and ACREAGE DEP (A
Contraction of the	tooliga of the termination of termination	I haraby certify then the well-location shown on this clut was proteed from field notes of actual surveys mode by me or under my supervision, and thet the same is the and correct to the heat of my knowledge and help!	Hoven, reil, Marine Internation on Thered have in the Internation of the Best of the and Alice and Andread Marshall Bates Engineering Tech FAE I Operating Lic 1/24/21	e interests of all invares been consolu- zation (over) are consolidated d'un inverse side of lated the convenient d'un inverse side of sts, has been apprived by the Commis- sts, has been apprived by the Commis-	PLAT Functions

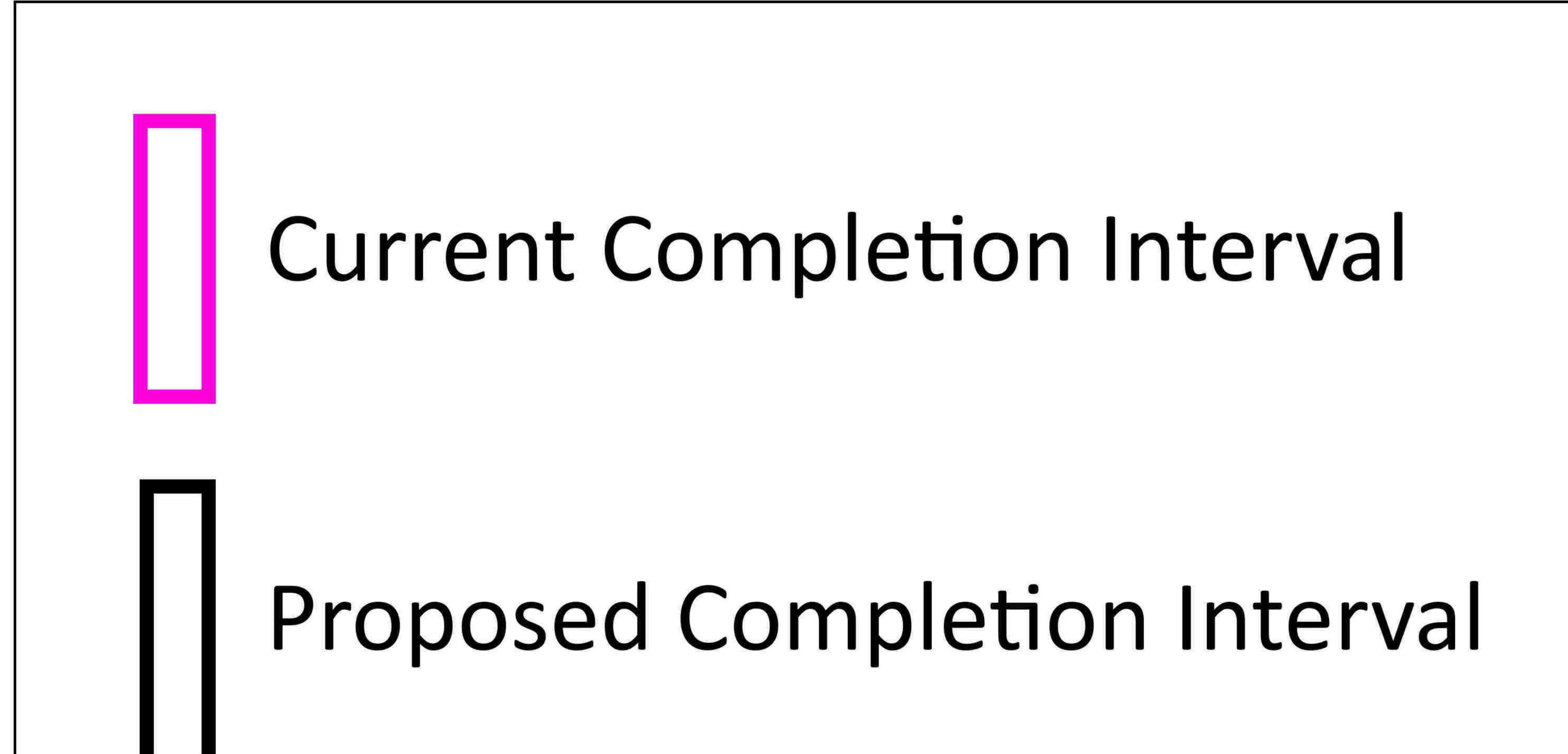
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**Received by OCD: 1/25/2021 9:41:52 AM** 



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	Sender: 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.         1. Article Addressed to:         BLM - New Mexics State Office         301 Dinosave TTail         Sonta Fe, NM 87508         9590 9402 5648 9308 7217 13         2. Article Number (Transfer from service label)         7020 0L40 0L90 195 PSN 7530-02-000-9053	
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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
То:	<u>Marshall Bates</u>
Subject:	DHC-5115 application
Date:	Thursday, March 4, 2021 4:16:00 PM

Mr. Bates,

Upon review of the Santa Fe Federal #1 (30-025-26563), OCD's District Geologist has identified the top of the Queen formation at 3,338 feet. This then stipulates that the pool boundary between the Jalmat and Langlie Mattix pools resides at 3,238 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
То:	Marshall Bates
Cc:	<u>McClure, Dean, EMNRD; Bratcher, Mike, EMNRD; Kautz, Paul, EMNRD; lisa@rwbyram.com; Glover, James;</u> kparadis@blm.gov; Walls, Christopher
Subject:	Approved Administrative Order DHC-5115
Date:	Monday, March 8, 2021 4:44:26 PM
Attachments:	DHC5115 Order.pdf

NMOCD has issued Administrative Order DHC-5115 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Santa Fe Federal #1 well (30-025-26563).

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

								PROPOSED		PROPOSED	
								JALMAT	POOL	LANGLIE	ABOVE
API		LOC	RUSLER	TAN	YATES	7R	QU	PERFS	BOUNDRY	PERFS	QUEEN
30-025-35139	JACK B 30 #003	S243730A			2912	3160	3580	2925-3418	3480	3451-3608	100
30-025-11284	JACK B 30 #001	S243730H	1128	2820	2920	3162		3358-3425		3443-3614	100
30-025-26536	POSSH #004	S243636B	1165		2850	3128	3500	3043-3378	3400 est	3461-3520	100
30-025-29358	CARLSON HARRISON FED COM #004	S253722L	890	2560	2718	3036	3400	2888-3068	3300	3328-3570	100
30-025-23857	WELLS A #008	S253601N	1157	2686	2846	3077		2850-3350		3350-3450	100
30-025-26757	ARNOTT RAMSAY NCT-B #009	S253732K	936	2560	2694	2954	3341	3100-3240	3241	3240-3680	100
30-025-11864	ARNOTT RAMSAY NCT-B #001	S253732M		2610	2761	3006		3170-3325		3325-3400	100
30-025-25941	CITGO AS STATE #002	S243602F	1213		2980	3195	3620	2822-3504	3520	3504-3754	100
30-025-26046	CITGO AS STATE #003	S243602C3	1190	2843	2997	3216	3636	2841-3518	3534	3518-3801	100
30-025-34486	CITGO AS STATE #004	S243602D4	1226	2916	3072	3297		2918-3605		3605-3783	100
30-025-28067	LANGLIE A STATE #003	S243636I						2638-3294		3294-3367	100
30-025-11805	HARRISON WB #001	S253727L	845		2674	2920		2515-3270		3270-3370	100
30-025-26563	SANTA FE FEDERAL #001	S253727M	881	. 2494	2680	2908	3338	2517-3252	3238	3252-3400	100
30-025-35329	ARNOTT RAMSAY NCT-A #006	S253602H						3066-3490		3490-3600	100
30-025-11854	DYER #002	S253731H	950		2810	3064		2778-3340		3340-3550	100
30-025-11855	DYER #003	S253731H						2778-3340		3340-3550	100
30-025-11874	R O GREGORY #003	S253733M				2814		2610-3140		3140-3285	100
30-025-10805	STEELER A #001	S233720M	1044		2810	3074	3404	2700-3370		3370-3680	100
30-025-28044	STEELER A #004	S233720M			2754	3010	3430	2700-3370		3370-3680	100
30-025-09718	WELLS B 1 #001	S253601A1						2700-3325		3325-3547	100

State of New Mexico
Energy, Minerals and Natural Resources Department

	N	otice	
		Order: DHC-5115	
		Operator: FAE II Operating, LLC (329326)	
	Publica	tion Date:	
	[	Date Sent: 2/3/2021	
	Notice	ed 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 COMMINGLINGSUBMITTED BY FAE II OPERATING, LLCORDER NO. DHC-5115

### <u>ORDER</u>

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

Order No. DHC-5115

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.

### <u>ORDER</u>

- 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

DATE: 3/08/2021

AS/dm

Order No. DHC-5115

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	Exhibit A		
	Order: DHC-5115		
	<b>Operator: FAE II Operating</b>	, LLC (329326)	
	Well Name: Santa Fe Federa	#1	
	Well API: 30-025-26563		
	Pool Name: JALMAT;TAN-YA	TES-7 RVRS (GAS)	
Linner Zone	Pool ID: 79240	Current: X	New:
Upper Zone	Allocation: Fixed Percent	Oil: 18%	Gas: 19%
	Interval: Perforations	Top: 2,517	Bottom: 3,238
	Pool Name:		
Internedicto Zono	Pool ID:	Current:	New:
Intermediate Zone	Allocation:	Oil:	Gas:
	Interval:	Тор:	Bottom:
Bottom of Inter	val within 150% of Upper Zone's	Top of Interval:	
	Pool Name: LANGLIE MATTI	K;7 RVRS-Q-GRAYBURG	
Lower Zone	Pool ID: 37240	Current:	New: X
Lower Zone	Allocation: Fixed Percent	Oil: 82%	Gas: 81%
	Interval: Perforations	Top: 3,238	Bottom: 3,400
Bottom of Inter-	val within 150% of Upper Zone's	Top of Interval: YES	
	leen Formation: 3338		

### State of New Mexico Energy, Minerals and Natural Resources Department

District I 1625 N. French Dr., Hobbs, NM 88240

District II

District IV

Phone:(575) 393-6161 Fax:(575) 393-0720

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720

Phone:(505) 334-6178 Fax:(505) 334-6170

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

District III 1000 Rio Brazos Rd., Aztec, NM 87410 CONDITIONS

Action 15514

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

### CONDITIONS OF APPROVAL

Operator:				OGRID:	Action Number:	Action Type:		
FAE II OI	PERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	329326	15514	C-107A		
OCD Reviewer	Condition							
dmcclure	Imcclure Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.							