

Revised March 23, 2017

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

Applicant: _____ **OGRID Number:** _____
Well Name: _____ **API:** _____
Pool: _____ **Pool Code:** _____

**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

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

FOR OCD ONLY

- ☐ Notice Complete
☐ Application
 Content
 Complete

- 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.

 Print or Type Name

 Date

 Phone Number

 Signature

 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

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

Form C-107A
Revised August 1, 2011

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	Address		
Jack B 30	3	A-30-24S-37E	Lea
Lease	Well No.	Unit Letter-Section-Township-Range	County
329326	326907	30-02S-35139	X
OGRID No.	Property Code	API No.	Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat		Langlie Mattix
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,925' – 3,418'		3,451' – 3,608'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)	35 API / 1.334 BTU		35 API / 1.334 BTU
Producing, Shut-In or New Zone	Producing		Producing
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.)	See Attached Date: Rates:	Date: Rates:	See Attached 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 42 % Gas 90 %	Oil % Gas %	Oil 58 % Gas 10 %

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	M Bates	TITLE	Engineering Tech	DATE	11/30/2020
TYPE OR PRINT NAME	Marshall Bates	TELEPHONE NO.	(832) 241-8080		
E-MAIL ADDRESS	Marshall@FAEnergyus.com				

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December 2, 2020

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

Re: Jack B 30 Lease
Jack B 30 #3: API 30-025-35139
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. Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Rebecca Wing
Land

faeIIoperating

November 30, 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 Jack B 30 #3 well located in Sec. 30, T-24S, 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 Jack B 30 #3 well located in Unit Letter A, Section 30, T-24S, R-37E, 660 feet FNL and 660 feet FEL, as shown in the attached C-102's for each zone.

The Jack B 30 #3 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 zone that does not have production history in the Jack B 30 #3 is the Seven Rivers-Queen, which translates to the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a production forecast, fourteen (14) 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 a Jack B 30 #3 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 Jack B 30 #3.

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 Jack B 30 #3 proved that an IP of 4.3 BOPD and 50.6 MCFPD is the expected total, and of that, 2.4 BOPD and 4.5 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 1.9 BOPD and 46.1 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 or by telephone at (832) 241-8080.

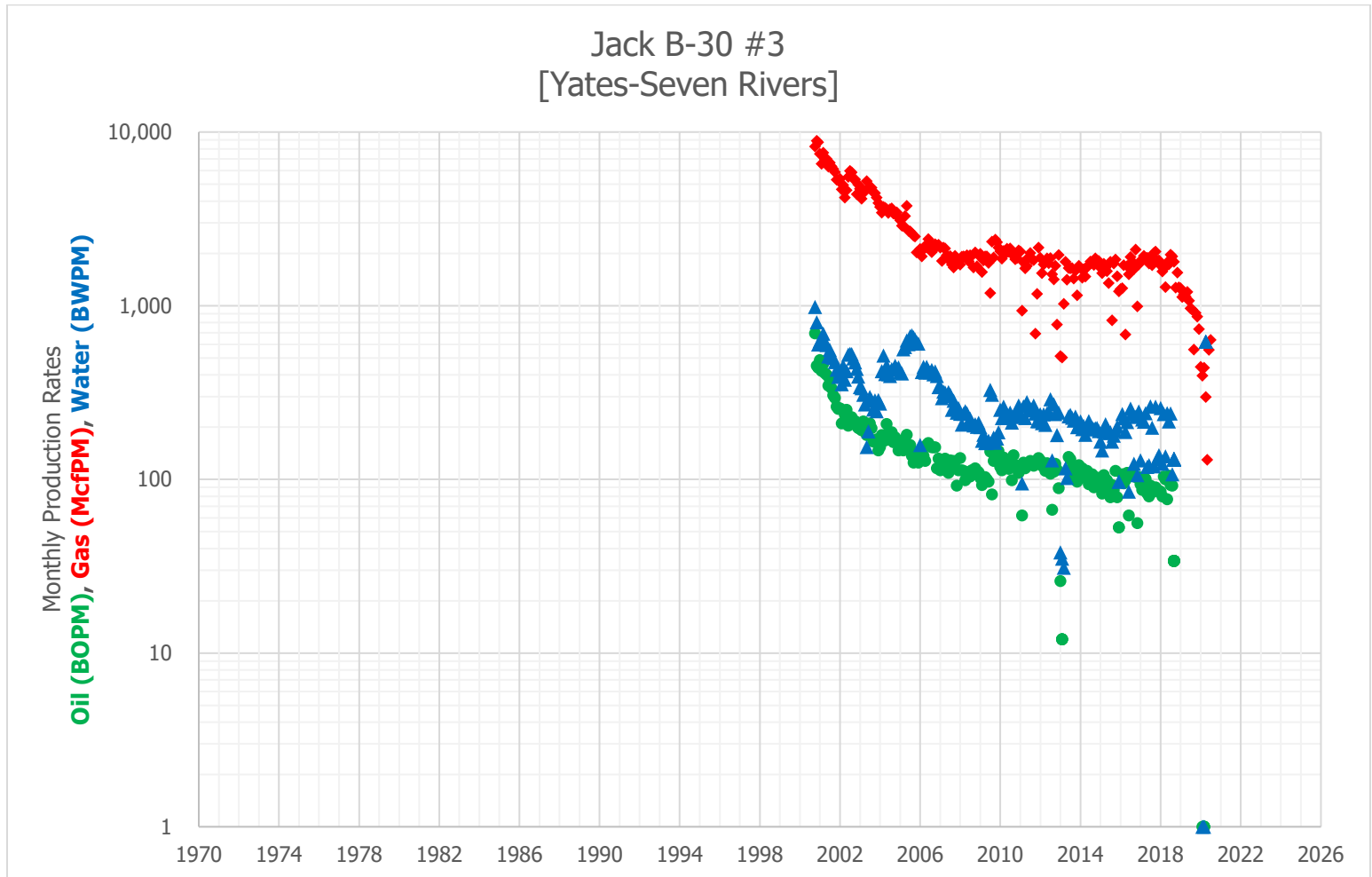
Very truly yours,



AE II Operating, LLC

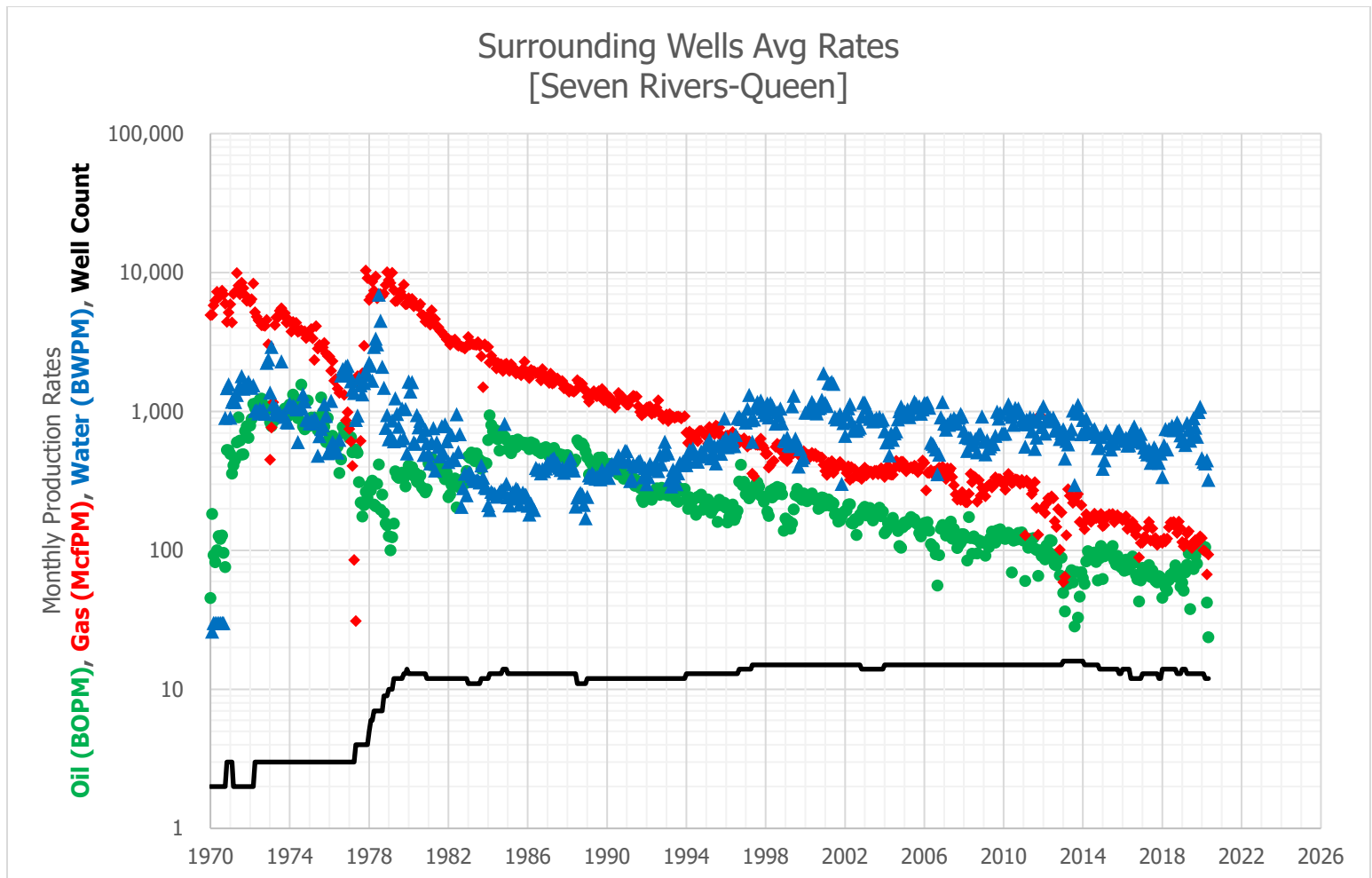
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Exhibit A – Historical Production in the Current Zone



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Exhibit B – Historical Average Production in the Proposed Zone



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Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates Avg Prod: Seven Rivers-Queen [Oil]					Jack B-30 #3 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	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
1/1/2015	62	150	387	14	1/1/2015	92	1,658	165	1	131.8	1,537	754
2/1/2015	91	152	446	14	2/1/2015	83	1,544	147	2	131.2	1,534	752
3/1/2015	98	175	725	14	3/1/2015	106	1,747	189	3	130.5	1,530	749
4/1/2015	97	173	689	14	4/1/2015	97	1,655	208	4	129.9	1,526	747
5/1/2015	101	182	587	14	5/1/2015	99	1,585	198	5	129.3	1,522	744
6/1/2015	103	178	533	14	6/1/2015	90	1,351	185	6	128.7	1,518	742
7/1/2015	108	183	606	14	7/1/2015	79	1,793	187	7	128.1	1,515	739
8/1/2015	85	160	588	14	8/1/2015	93	824	165	8	127.4	1,511	737
9/1/2015	79	170	655	14	9/1/2015	87	1,753	179	9	126.8	1,507	734
10/1/2015	91	179	715	14	10/1/2015	112	1,849	190	10	126.2	1,503	732
11/1/2015	84	172	732	13	11/1/2015	79	1,476	201	11	125.6	1,499	730
12/1/2015	76	171	674	13	12/1/2015	53	1,213	97	12	125.0	1,496	727
1/1/2016	74	165	639	14	1/1/2016	-	1,249	-	13	124.4	1,492	725
2/1/2016	71	169	614	14	2/1/2016	107	1,263	238	14	123.8	1,488	722
3/1/2016	86	176	646	14	3/1/2016	95	1,715	225	15	123.2	1,485	720
4/1/2016	73	143	570	14	4/1/2016	99	684	188	16	122.6	1,481	718
5/1/2016	79	155	571	14	5/1/2016	109	1,693	214	17	122.1	1,477	715
6/1/2016	78	150	623	12	6/1/2016	62	1,517	85	18	121.5	1,473	713
7/1/2016	90	160	738	12	7/1/2016	108	1,908	256	19	120.9	1,470	711
8/1/2016	81	138	779	12	8/1/2016	105	1,799	239	20	120.3	1,466	708
9/1/2016	66	129	635	12	9/1/2016	106	1,623	123	21	119.7	1,462	706
10/1/2016	62	145	687	12	10/1/2016	103	2,105	229	22	119.2	1,459	704
11/1/2016	43	89	607	12	11/1/2016	56	991	106	23	118.6	1,455	701
12/1/2016	61	113	690	12	12/1/2016	103	1,730	246	24	118.0	1,451	699
1/1/2017	75	114	595	13	1/1/2017	94	1,812	129	25	117.5	1,448	697
2/1/2017	66	124	551	13	2/1/2017	87	1,855	222	26	116.9	1,444	694
3/1/2017	72	125	512	13	3/1/2017	88	1,942	215	27	116.3	1,441	692
4/1/2017	71	145	492	13	4/1/2017	101	1,872	241	28	115.8	1,437	690
5/1/2017	78	160	532	13	5/1/2017	83	1,890	118	29	115.2	1,433	688
6/1/2017	64	118	427	13	6/1/2017	80	1,749	121	30	114.7	1,430	685
7/1/2017	72	144	484	13	7/1/2017	92	1,849	264	31	114.1	1,426	683
8/1/2017	66	121	549	13	8/1/2017	90	1,712	199	32	113.6	1,423	681
9/1/2017	60	122	530	13	9/1/2017	85	2,012	119	33	113.1	1,419	679
10/1/2017	59	109	449	13	10/1/2017	90	2,049	263	34	112.5	1,416	676
11/1/2017	65	115	428	12	11/1/2017	87	1,814	131	35	112.0	1,412	674
12/1/2017	64	117	498	12	12/1/2017	86	1,828	138	36	111.4	1,409	672
1/1/2018	46	113	338	14	1/1/2018	85	1,705	258	37	110.9	1,405	670
2/1/2018	58	122	573	14	2/1/2018	80	1,577	123	38	110.4	1,402	668
3/1/2018	54	116	749	14	3/1/2018	104	1,634	238	39	109.8	1,398	665
4/1/2018	51	122	533	14	4/1/2018	100	1,282	136	40	109.3	1,395	663
5/1/2018	61	147	747	14	5/1/2018	77	1,781	241	41	108.8	1,391	661
6/1/2018	66	159	736	14	6/1/2018	105	1,733	216	42	108.3	1,388	659
7/1/2018	66	158	786	14	7/1/2018	93	1,968	240	43	107.8	1,384	657
8/1/2018	70	160	733	14	8/1/2018	92	1,927	107	44	107.2	1,381	654
9/1/2018	78	148	780	14	9/1/2018	34	1,789	131	45	106.7	1,377	652
10/1/2018	64	133	835	13	10/1/2018		1,273		46	106.2	1,374	650
11/1/2018	73	161	791	13	11/1/2018		1,553		47	105.7	1,370	648
12/1/2018	55	145	673	13	12/1/2018		1,278		48	105.2	1,367	646
1/1/2019	59	115	611	14	1/1/2019		1,262		49	104.7	1,364	644
2/1/2019	51	107	625	14	2/1/2019		1,124		50	104.2	1,360	642
3/1/2019	69	113	575	14	3/1/2019		1,165		51	103.7	1,357	640
4/1/2019	79	132	824	13	4/1/2019		1,131		52	103.2	1,353	637
5/1/2019	95	137	735	13	5/1/2019		1,203		53	102.7	1,350	635
6/1/2019	38	108	616	13	6/1/2019		1,071		54	102.2	1,347	633
7/1/2019	77	104	664	13	7/1/2019		966		55	101.7	1,343	631
8/1/2019	73	114	892	13	8/1/2019		950		56	101.3	1,340	629
9/1/2019	92	119	764	13	9/1/2019		559		57	100.8	1,337	627
10/1/2019	80	113	659	13	10/1/2019		908		58	100.3	1,333	625
11/1/2019	105	119	993	13	11/1/2019		866		59	99.8	1,330	623
12/1/2019	105	126	1,078	13	12/1/2019		735		60	99.3	1,327	621
1/1/2020	108	123	460	13	1/1/2020	-	445	-				
2/1/2020	102	100	434	13	2/1/2020	1	396	1				
3/1/2020	106	98	423	13	3/1/2020	1	440	1				
4/1/2020	42	67	446	12	4/1/2020		298	622				
5/1/2020	24	93	322	12	5/1/2020		130					
					6/1/2020		558					

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Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

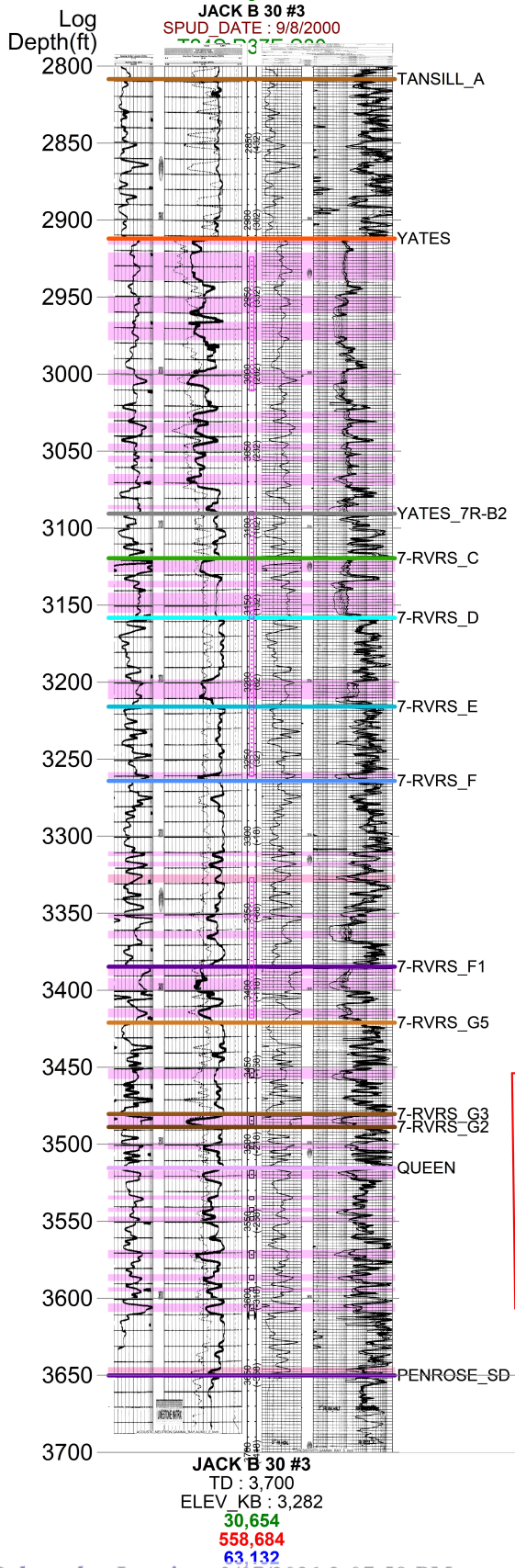
Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Jalmat	Yates-Seven Rivers	1.9	46.1	4
Langlie Mattix	Seven Rivers-Queen	2.4	4.5	21
	Total	4.3	50.6	25
Jalmat	Yates-Seven Rivers	42%	90%	16%
Langlie Mattix	Seven Rivers-Queen	58%	10%	84%
	Total (%)	100%	100%	100%

API Series : 35139

WSN : 38230

FAE

Attachment A - Jack B 30 #3 Log



API	Source	Perf Type	Top Perf	Btm Perf
30025351390000	CJH	Proposed	3451	3457
30025351390000	CJH	Proposed	3482	3487
30025351390000	CJH	Proposed	3499	3503
30025351390000	CJH	Proposed	3517	3522
30025351390000	CJH	Proposed	3534	3536
30025351390000	CJH	Proposed	3541	3544
30025351390000	CJH	Proposed	3547	3550
30025351390000	CJH	Proposed	3569	3574
30025351390000	CJH	Proposed	3585	3588
30025351390000	CJH	Proposed	3593	3595
30025351390000	CJH	Proposed	3604	3608

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2084, Santa Fe, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-35139	Pool Code 33820	Pool Name Jalmat Tar-Yts-7R
Property Code 326907	Property Name JACK B 30	Well Number 3
OGRD No. 329326	Operator Name FAE II operating, LLC	Elevation 3278

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	24 S	37 E		660	NORTH	660	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40	N		R-5658-A

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>Existing Jalmat Oil Well Jack B-30 No. 3 6600'FNL & 660' FEL Sec. 30, T-24-S,R-37-E</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>M Bates</i> Signature Marshall Bates Printed Name Engineering Tech Title 10/26/2020 Date</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>JUNE 5, 2000</p> <p>Date Surveyed Signature & Seal Professional Surveyor RONALD G. BOSON 3239 12641 12185 Certification No. RONALD G. BOSON 3239 12641 12185</p>

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0718

DISTRICT III
1000 Rio Bravo Rd., Artesia, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-35139	Pool Code 37240	Pool Name LANGLIE MATTIX
Property Code 326907	Property Name JACK B 30	Well Number 3
OGRD No. 329326	Operator Name FAE II operating, LLC	Elevation 3278

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	24 S	37 E		660	NORTH	660	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill N	Consolidation Code	Order No. R-5658-A						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>Existing Jalmat Oil Well Jack B-30 No. 3 6600'FNL & 660' FEL Sec. 30, T-24-S, R-37-E</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>M Bates</i> Signature Marshall Bates Printed Name Engineering Tech Title 10/26/2020 Date</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>JUNE 5, 2000</p> <p>Date Surveyed Signature Professional Surveyor RONALD G. EDSON NEW MEXICO 60-11-0704 Certification No. RONALD G. EDSON 3239 GARY BOSEN 12641 EDWARD PROFFER 12185</p>
<p>Existing Jalmat Oil Producer Jack B-30 No. 1 1650'FNL & 990' FEL Sec. 30, T-24-S, R-37-E</p>		

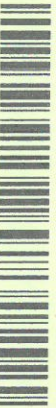
RECEIVED
JUNE 15 4 10 38 PM
DISTRICT IV

SENDER: COMPLETE THIS SECTION

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



9590 9402 5648 9308 7217 13

2. Article Number (Transfer from service label)

7020 0640 0000 9346 8362

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
 X R Duran ☒ Address

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

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

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restr |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input checked="" type="checkbox"/> Return Receipt for Merchandise |
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| <input type="checkbox"/> Insured Mail | |
| <input type="checkbox"/> Registered Mail | |
| <input type="checkbox"/> Registered Mail Restricted Delivery | |

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: Downhole Commingling application DHC-5092
Date: Thursday, March 4, 2021 3:45:00 PM

Mr. Bates,

Upon review of the Jack B 30 #3 (30-025-35139), OCD's District Geologist has identified the top of the Queen formation at 3,580 feet. This then stipulates that the pool boundary between the Jalmat and Langlie Mattix pools resides at 3,480 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-5092
Date: Monday, March 8, 2021 4:59:07 PM
Attachments: [DHC5092 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5092 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Jack B 30 #3 well (30-025-35139).

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

Notice

Date Sent: 2/3/2021

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

1

							PROPOSED		PROPOSED		
API		LOC	RUSLER	TAN	YATES	7R	QU	JALMAT PERFS	POOL BOUNDRY	LANGLIE PERFS	ABOVE 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
OIL CONSERVATION DIVISION**

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

ORDER NO. DHC-5092

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**

A handwritten signature in black ink, appearing to read 'AS', is written over a horizontal line.

**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 3/08/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5092**

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

Well Name: **Jack B 30 #3**

Well API: **30-025-35139**

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

Upper Zone

Pool ID: **33820**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **42%**

Gas: **90%**

Interval: **Perforations**

Top: **2,925**

Bottom: **3,480**

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: **58%**

Gas: **10%**

Interval: **Perforations**

Top: **3,480**

Bottom: **3,608**

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

Top of Queen Formation: **3,580**

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 11400

CONDITIONS OF APPROVAL

Operator:			OGRID:	Action Number:	Action Type:
FAE II OPERATING LLC 11757 Katy Freeway, Suite 1000 Houston, TX77079			329326	11400	C-107A
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.				