

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.

Marshall Bates		Engineering Tech	6/25/2021
Print or Type Name	Signature	Title	Date
		Marshall@FAEnergyus.com	
		e-mail Address	

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

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

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

APPLICATION TYPE

Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC

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

Operator Rhodes Federal Unit	96	Address H-09-26S-37E	Lea
Lease 329326	Well No. 326344	Unit Letter-Section-Township-Range 30-025-24536	County
OGRID No.	Property Code	API No.	Lease Type: <input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>Rhodes</i>		<i>Leonard</i>
Pool Code	<i>83810</i>		<i>38760</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<i>2,713 - 2,992'</i>		<i>TBD - TBD</i>
Method of Production (Flowing or Artificial Lift)	<i>Artificial Lift</i>		<i>Artificial Lift</i>
Bottomhole Pressure <small>(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)</small>			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<i>35.0 API / 1.556 BTU</i>		<i>35.0 API / 1.556 BTU</i>
Producing, Shut-In or New Zone	<i>Producing</i>		<i>New Zone</i>
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	<i>See Attached</i> Date: Rates:	Date: Rates:	<i>See Attached</i> Date: Rates:
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil: <i>0 %</i> Gas: <i>31 %</i>	Oil: % Gas: %	Oil: <i>100 %</i> Gas: <i>69 %</i>

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 MBates TITLE Engineering Tech DATE 6/24/2021

TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 706 - 0041

E-MAIL ADDRESS Marshall@FAEnergyus.com

faeIIoperating

June 21, 2021

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

Re: Rhodes Federal Unit #096: API 30-025-24536
Rhodes Pool: 83810
Leonard Pool: 38760

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) 220-9188 or by email at steven@faenergyus.com.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Steven Lehrbass

Land

fae II operating

June 22, 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 Rhodes and Leonard Pools for the Rhodes Federal Unit #96 well located in Sec. 9, T-26S, 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 Rhodes and Leonard Pools for its Rhodes Federal Unit #96 well located in Unit Letter H, Section 9, T-26S, R-37E, 1,980 feet FNL and 760 feet FEL, as shown in the attached C-102's for each zone.

Rhodes Federal Unit #96 is currently open to the Yates-Seven Rivers interval, which translates to the RHODES; YATES-SEVEN RIVERS (GAS) [Pool ID: 83810]. 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 Rhodes Federal Unit #96 is the Queen, which translates to the LEONARD; QUEEN, SOUTH [Pool ID: 38760]. To develop a forecast for this zone, four (4) surrounding wells with production history from the Queen were used as an offset to prove up hole potential in the Rhodes Federal Unit #96 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.

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 proved that an IP of 4.7 BOPD and 44.5 MCFPD is the expected total, and of that, 4.7 BOPD and 30.7 MCFPD will come from the Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 13.8 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.

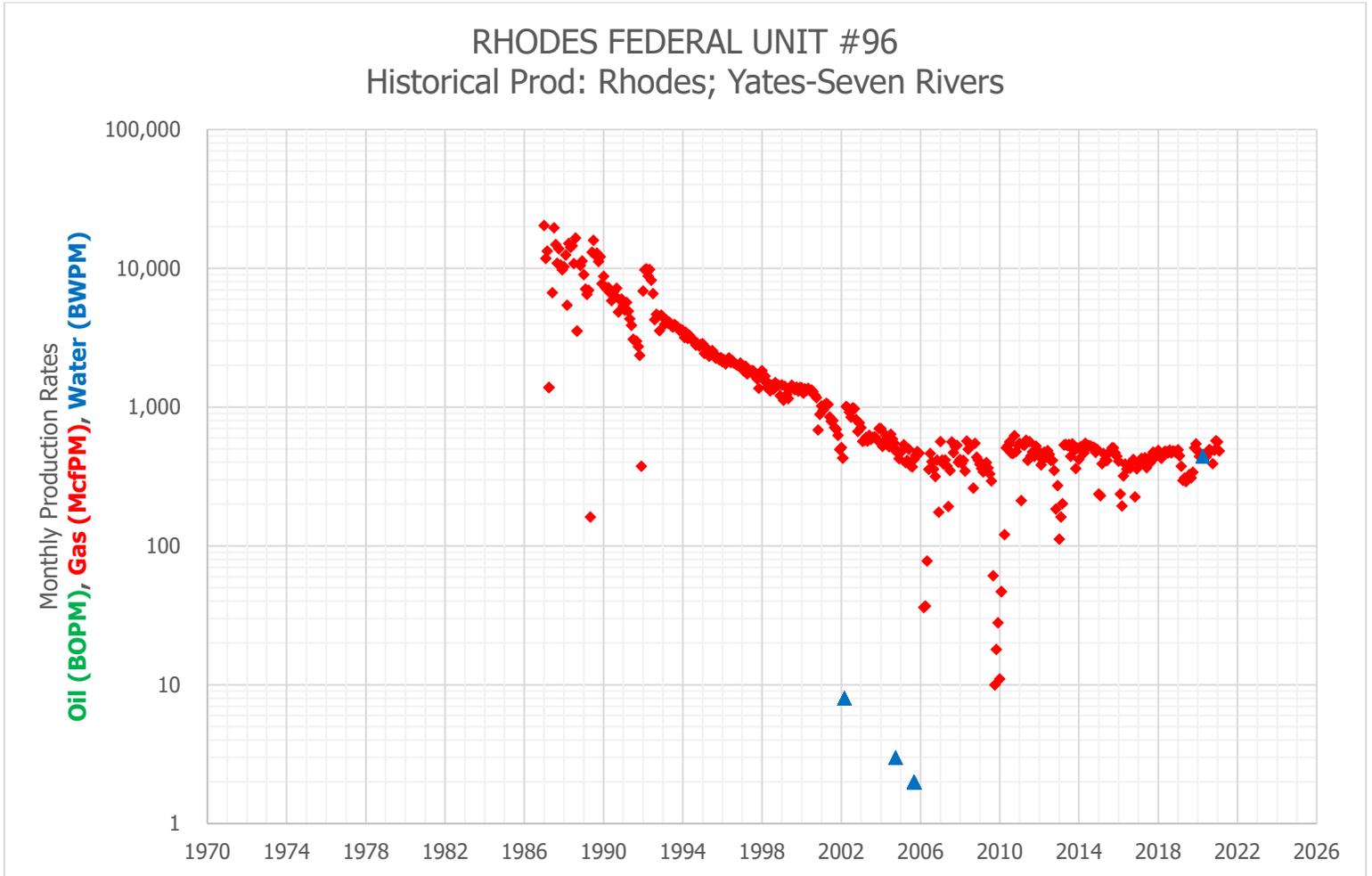
Very truly yours,



FAE II Operating, LLC

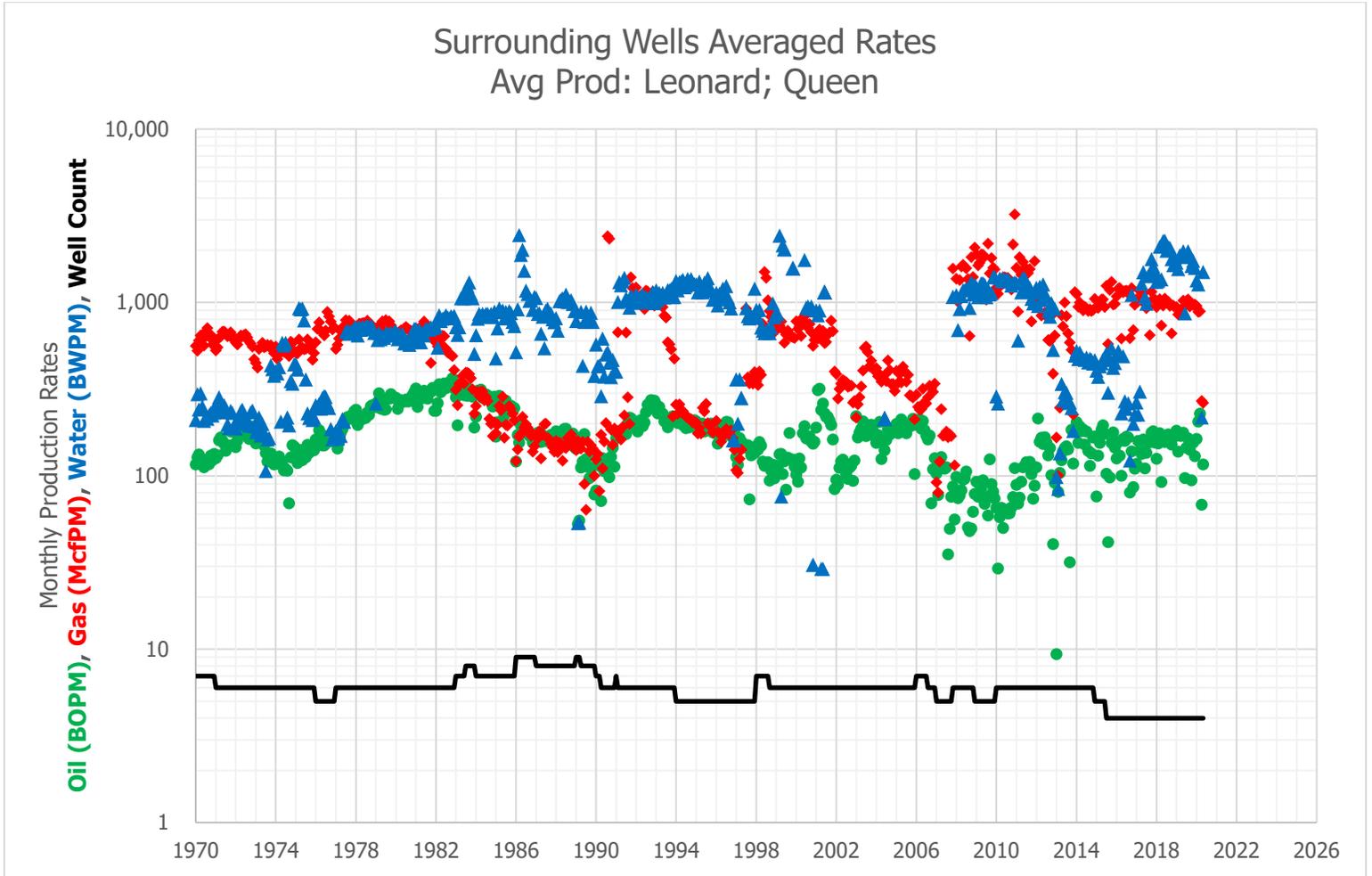
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Exhibit A – Historical and Forecast Production in the Current Zone



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Exhibit B – Historical Average Production in the Proposed Zone



fae I Operating

Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates					RHODES FEDERAL UNIT #96				Synthetic Decline Curve			
Avg Prod: Langlie-Mattix; Seven Rivers-Queen					Historical Prod: Rhodes; Yates-Seven Rivers							
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
7/1/2015	103	1,243	507	4	7/1/2015		468		1	142.9	1,353	1,109
8/1/2015	41	576	301	4	8/1/2015		482		2	142.2	1,350	1,105
9/1/2015	98	1,178	474	4	9/1/2015		509		3	141.6	1,347	1,101
10/1/2015	155	1,312	543	4	10/1/2015		510		4	140.9	1,343	1,098
11/1/2015	178	970	419	4	11/1/2015		469		5	140.2	1,340	1,094
12/1/2015	145	977	447	4	12/1/2015		442		6	139.5	1,336	1,090
1/1/2016	126	1,083	498	4	1/1/2016		409		7	138.9	1,333	1,087
2/1/2016	156	1,201	521	4	2/1/2016		237		8	138.2	1,330	1,083
3/1/2016	131	1,208	498	4	3/1/2016		194		9	137.6	1,326	1,080
4/1/2016	100	618	229	4	4/1/2016		320		10	136.9	1,323	1,076
5/1/2016	163	1,143	490	4	5/1/2016		389		11	136.2	1,320	1,073
6/1/2016	159	1,162	269	4	6/1/2016		358		12	135.6	1,317	1,069
7/1/2016	168	1,170	243	4	7/1/2016		374		13	134.9	1,313	1,066
8/1/2016	166	1,124	262	4	8/1/2016		363		14	134.3	1,310	1,062
9/1/2016	80	620	122	4	9/1/2016		405		15	133.7	1,307	1,059
10/1/2016	138	1,210	1,106	4	10/1/2016		420		16	133.0	1,303	1,055
11/1/2016	86	693	199	4	11/1/2016		226		17	132.4	1,300	1,052
12/1/2016	110	968	226	4	12/1/2016		359		18	131.7	1,297	1,048
1/1/2017	117	1,042	265	4	1/1/2017		399		19	131.1	1,294	1,045
2/1/2017	159	1,011	226	4	2/1/2017		387		20	130.5	1,291	1,041
3/1/2017	140	1,163	306	4	3/1/2017		429		21	129.9	1,287	1,038
4/1/2017	133	1,048	1,279	4	4/1/2017		396		22	129.2	1,284	1,035
5/1/2017	162	1,128	1,494	4	5/1/2017		433		23	128.6	1,281	1,031
6/1/2017	110	980	1,073	4	6/1/2017		367		24	128.0	1,278	1,028
7/1/2017	136	923	981	4	7/1/2017		427		25	127.4	1,274	1,024
8/1/2017	156	953	1,416	4	8/1/2017		397		26	126.8	1,271	1,021
9/1/2017	156	646	1,432	4	9/1/2017		426		27	126.2	1,268	1,018
10/1/2017	177	1,151	1,773	4	10/1/2017		475		28	125.6	1,265	1,014
11/1/2017	180	1,044	1,615	4	11/1/2017		434		29	125.0	1,262	1,011
12/1/2017	155	1,040	1,516	4	12/1/2017		463		30	124.4	1,259	1,008
1/1/2018	125	939	1,313	4	1/1/2018		488		31	123.8	1,255	1,004
2/1/2018	153	989	1,332	4	2/1/2018		446		32	123.2	1,252	1,001
3/1/2018	176	1,042	2,096	4	3/1/2018		429		33	122.6	1,249	998
4/1/2018	92	736	1,358	4	4/1/2018		454		34	122.0	1,246	994
5/1/2018	159	958	2,262	4	5/1/2018		481		35	121.4	1,243	991
6/1/2018	156	1,050	2,262	4	6/1/2018		476		36	120.9	1,240	988
7/1/2018	166	1,010	1,990	4	7/1/2018		469		37	120.3	1,237	985
8/1/2018	173	1,009	2,077	4	8/1/2018		491		38	119.7	1,234	981
9/1/2018	170	952	2,067	4	9/1/2018		467		39	119.1	1,231	978
10/1/2018	151	661	1,773	4	10/1/2018		483		40	118.6	1,228	975
11/1/2018	171	957	1,638	4	11/1/2018		480		41	118.0	1,224	972
12/1/2018	168	940	1,793	4	12/1/2018		471		42	117.4	1,221	969
1/1/2019	182	938	1,696	4	1/1/2019		494		43	116.9	1,218	965
2/1/2019	137	851	1,555	4	2/1/2019		447		44	116.3	1,215	962
3/1/2019	170	857	1,867	4	3/1/2019		375		45	115.8	1,212	959
4/1/2019	170	871	1,840	4	4/1/2019		297		46	115.2	1,209	956
5/1/2019	177	1,024	1,968	4	5/1/2019		310		47	114.7	1,206	953
6/1/2019	97	961	864	4	6/1/2019		291		48	114.1	1,203	950
7/1/2019	145	1,021	1,826	4	7/1/2019		311		49	113.6	1,200	947
8/1/2019	164	1,041	1,975	4	8/1/2019		327		50	113.0	1,197	943
9/1/2019	141	947	1,837	4	9/1/2019		309		51	112.5	1,194	940
10/1/2019	94	982	1,618	4	10/1/2019		340		52	111.9	1,191	937
11/1/2019	155	966	1,732	4	11/1/2019		509		53	111.4	1,188	934
12/1/2019	129	972	1,580	4	12/1/2019		544		54	110.9	1,185	931
1/1/2020	163	955	1,337	4	1/1/2020		487		55	110.3	1,182	928
2/1/2020	205	882	1,270	4	2/1/2020		443		56	109.8	1,179	925
3/1/2020	228	889	1	4	3/1/2020		452		57	109.3	1,176	922
4/1/2020	68	270	217	4	4/1/2020		431	444	58	108.8	1,174	919
5/1/2020	116	263	1,498	4	5/1/2020		447		59	108.2	1,171	916
6/1/2020	81	224	1,450	4	6/1/2020		437		60	107.7	1,168	913
7/1/2020	77	525	37	4	7/1/2020		478					
8/1/2020	149	1,011	1	4	8/1/2020		496					
9/1/2020	155	1,145	7	4	9/1/2020		486					
10/1/2020	32	939	0	4	10/1/2020		392					
11/1/2020	158	977	2	4	11/1/2020		490					
12/1/2020	165	923	24	4	12/1/2020		574					

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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)
Rhodes	Yates-Seven Rivers	0.0	13.8	0.3
Leonard	Queen	4.7	30.7	36.2
	Total	4.7	44.5	36.5
Rhodes	Yates-Seven Rivers	0%	31%	1%
Leonard	Queen	100%	69%	99%
	Total (%)	100%	100%	100%

30025245360000

FAE

RHODES FEDERAL UNIT 96

SPUD_DATE : 10/12/1973

T26S R37E S9

Log
Depth(ft)

2650-

2700-

2750-

2800-

2850-

2900-

2950-

3000-

3050-

3100-



RHODES FEDERAL UNIT 96

TD : 3,110

ELEV_KB : 2,964

3360

Proposed completion interval,
exact perms pending logs

Estimated Queen fm top

Deepen well to 3450'

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-24536		² Pool Code 83810		³ Pool Name RHODES; YATES-SEVEN RIVERS (GAS)	
⁴ Property Code 326344		⁵ Property Name RHODES FEDERAL UNIT			⁶ Well Number #096
⁷ OGRID No. 329326		⁸ Operator Name FAE II OPERATING, LLC			⁹ Elevation 2953'

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	9	26S	37E		1980	N	760	E	LEA

¹¹ Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	9	26S	37E		1980	N	760	E	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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.

16				1980'	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p style="text-align: right;"><i>M Bates</i> 6/22/2021 Signature Date</p> <p>Marshall Bates Printed Name</p> <p>Marshall@FAEnergyus.com E-mail Address</p>
				760'	
				SE/4 NE/4 Sec 9 (40 acres)	
					<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

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: (505) 748-1283 Fax: (505) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-24536		² Pool Code 38760		³ Pool Name LEONARD; QUEEN, SOUTH	
⁴ Property Code 326344		⁵ Property Name RHODES FEDERAL UNIT			⁶ Well Number #096
⁷ OGRID No. 329326		⁸ Operator Name FAE II OPERATING, LLC			⁹ Elevation 2953'

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	9	26S	37E		1980	N	760	E	LEA

¹¹ Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	9	26S	37E		1980	N	760	E	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

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.

				1980'		¹⁷ OPERATOR CERTIFICATION	
				I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.			
				Signature <u>M. Bates</u> Date 6/22/2021			
				760'		Marshall Bates Printed Name	
				SE/4 NE/4 Sec 9 (40 acres)		Marshall@FAEnergyus.com E-mail Address	
						¹⁸ SURVEYOR CERTIFICATION	
						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.	
						Date of Survey	
						Signature and Seal of Professional Surveyor:	
						Certificate Number	

Well Name: RHODES FEDERAL UNIT #096 Lease No: LC-030176-A Lease Type: Federal
 Township: 26-S Range: 37-E Sec: 09-H Location: 1980' FNL & 760' FEL
 County: Lea State: NM API: 30-025-24536 Formation: Rhodes; Yates-7 Rivers

PROPOSED

Surface Csg
 Size: 8-5/8"
 Wt.&Thrd: 20#
 Grade: MU-46
 Set @: 637'
 Sxs cmt: 300 sxs
 Circ: 40 sxs
 TOC: Surface
 Hole Size: 12-1/4"

KB: 2964.1'
 DF: 2963.1'
 GL: 2953.1'
 Spud Date: 10/12/1973
 Compl. Date: 11/9/1973

History - Highlights

1993-08: Clean out to PBSD.
Proposed: MIRU. POOH w/ tbg. RIH w/ 3-3/4" bit & deepen to base of QUEEN (est 3450'). Circulate clean. POOH w/ bit. RIH w/ pkr. Set pkr above open hole. Acidize open hole w/5000 gals 15% NEFE HCL acid, 1500# rock salt diverter, & flush w/ 1000 bbls 2% KCL water. POOH w/ pkr. TIH w/ tbg, pump & rods. RTP

Production Csg
 Size: 4-1/2"
 Wt.&Thrd: 10.5#
 Grade: K-55
 Set @: 3110'
 Sxs Cmt: 400 sxs
 Circ: _____
 TOC: 1696'
 Hole Size: 7-7/8"

YATES (Top @ 2687')
 2713', 2714', 2824', 2825', 2846', 2848', 2865', 2866', 2896', 2898', 2900', 2902', 2904', 2906', 2908', 2915', 2917', 2959', 2961', 2970', 2972', 2973', 2981', 2983', 2985', 2987', 2989', 2991', 2993' - Oct 1973
 Frac w/ 30,000 gals gelled KCL wtr, 6000# 20/40 sand, & 27,000# 10/20 sand
 Acidized w/ 1000 gal 15% acid - Aug 1993

SEVEN RIVERS (Top @ 3004')
 3110-3450' Open Hole - Proposed
 Acidize open hole w/5000 gals 15% NEFE HCL acid, 1500# rock salt diverter, & flush w/ 1000 bbls 2% KCL water

SN 3109'
 EOT 3146'

Open Hole
 Size: 3-3/4"
 Down to: 3450'

QUEEN (Top @ 3360')

PBSD 3450'
 TD 3450'

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 EUE 8rd Tubing (~99 jts 2-3/8" tbg, SN, 4' perf sub, MA w/ bull plug)

Well Name: RHODES FEDERAL UNIT #096 Lease No: LC-030176-A Lease Type: Federal
 Township: 26-S Range: 37-E Sec: 09-H Location: 1980' FNL & 760' FEL
 County: Lea State: NM API: 30-025-24536 Formation: Rhodes; Yates-7 Rivers

CURRENT

Surface Csg

Size: 8-5/8"
 Wt.&Thrd: 20#
 Grade: MU-46
 Set @: 637'
 Sxs cmt: 300 sxs
 Circ: 40 sxs
 TOC: Surface
 Hole Size: 12-1/4"

KB: 2964.1'
 DF: 2963.1'
 GL: 2953.1'
 Spud Date: 10/12/1973
 Compl. Date: 11/9/1973

History - Highlights

1993-08: Clean out to PBSD.

All info from OCD well files ONLY

EOT 2976'

Production Csg

Size: 4-1/2"
 Wt.&Thrd: 10.5#
 Grade: K-55
 Set @: 3110'
 Sxs Cmt: 400 sxs
 Circ: _____
 TOC: 1696'
 Hole Size: 7-7/8"

YATES (Top @ 2687')

2713', 2714', 2824', 2825', 2846', 2848', 2865', 2866', 2896', 2898', 2900', 2902',
 2904', 2906', 2908', 2915', 2917', 2959', 2961', 2970', 2972', 2973', 2981', 2983',
 2985', 2987', 2989', 2991', 2993' - Oct 1973

Frac w/ 30,000 gals gelled KCL wtr, 6000# 20/40 sand, & 27,000# 10/20 sand
 Acidized w/ 1000 gal 15% acid - Aug 1993

SEVEN RIVERS (Top @ 3004')

PBSD 3074'
 TD 3110'

Tubulars - Capacities and Performance

2-3/8" 4.7# Tubing

From: [Vanessa Neal](#)
To: [McClure, Dean, EMNRD](#)
Subject: RE: [EXTERNAL] DHC Applications Format & Missing Items?
Date: Wednesday, November 3, 2021 12:16:21 PM
Attachments: [image001.png](#)
[BLM DHC C E Lamunyon #090 Sundry Submittal 2021-11-03.pdf](#)

Awesome, thank you Dean!

Here are the tracking numbers we have for the submitted DHCs. I'm not sure which ones you were waiting on, so I included all the tracking numbers we had documented.

I've also attached a PDF of the DHC submitted to the BLM for C E Lamunyon #90; a DHC application was submitted earlier this week to the OCD. Is the PDF attached an acceptable substitute for the BLM tracking numbers for future submissions?

Project	API	SLO/BLM Submittal Tracking Info
State A A/C 2 #062	30-025-25542	7020 0640 0000 9346 5293
State C TR 11 #003	30-025-23103	7020 0640 0000 9346 5293
State C TR 11 #005	30-025-25517	7020 0640 0000 9346 5293
State I Com #002	30-025-06133	7020 0640 0000 9346 5293
C D Woolworth #008	30-025-32862	7020 0640 0000 9346 5293
Cagle C #005	30-025-34450	7021 0350 0001 5380 9936
Cagle C Federal Com #006	30-025-37342	7021 0350 0001 5380 9936
Myers B #006	30-025-31382	7021 0350 0001 5380 9936
Rhodes Federal Unit #047	30-025-20011	7021 0350 0001 5380 9936
Rhodes Federal Unit #096	30-025-24536	7021 0350 0001 5380 9936
Rhodes Federal Unit #098	30-025-37514	7021 0350 0001 5380 9936
Rhodes Federal Unit #102	30-025-24537	7021 0350 0001 5380 9936
Shell A State COM #006	30-025-32030	7020 0640 0000 9346 3985
State A A/C 1 #096	30-025-09250	7020 0640 0000 9346 5293
State A A/C 1 #129	30-025-34877	7020 0640 0000 9346 5293
State A A/C 2 #057	30-025-20297	7020 0640 0000 9346 5293
Stevens A-35 Com #002	30-025-09467	7021 0350 0001 5380 9936

Thank you,
 Vanessa Neal | Sr Reservoir Engineer

forty acres energy

O [832.219.0990 \(ext 165\)](tel:832.219.0990)

C [979.255.3476](tel:979.255.3476)

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Tuesday, November 2, 2021 6:41 PM
To: Vanessa Neal <vanessa@faenergyus.com>

Subject: RE: [EXTERNAL] DHC Applications Format & Missing Items?

Hello Vanessa,

Quite busy, but I suppose I can't complain; hopefully everything in your world is going great.

Based off my conversations with Marshall, I think he had mentioned that there may be some applications in the current batch that require notice to either the BLM or SLO which the evidence of which has not been provided, but I have not had a chance to sit down and go through them all quite yet. Regarding format and future submittals, I have an outdated guidance document regarding DHCs, but I will see if I can update it and help make it more specific to what would be more relevant to FAE. Please note that there are different requirements based upon whether the pools being commingled have been commonly commingled in the area or not. For FAE, this becomes relevant because some of your proposed pools to be commingled are common and some are not. An example of an application that is not is DHC-5150 for the E C Hill A 7.

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

From: Vanessa Neal <vanessa@faenergyus.com>
Sent: Tuesday, November 2, 2021 5:25 PM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: [EXTERNAL] DHC Applications Format & Missing Items?

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Dean,

I hope everything is going great in your world.

I am going to be helping Marshall Bates submit downhole commingle applications in the future and I was wondering if you had a preferred format for submissions? I would also like to make sure you get everything you need for approval upon initial submission, if possible; is there anything that we have repeatedly missed in the past that you have had to ask for?

I know that we are planning a lot of work in 2022 that will require DHC permits, so I am hoping to get those to you as soon as possible. For the DHC applications currently in your que, are you waiting on any missing items from us? If you let me know what you need I will get it to you ASAP.

Looking forward to working with you!
Vanessa Neal | Sr Reservoir Engineer

forty acres energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

O [832.219.0990 \(ext 165\)](tel:832.219.0990)

C [979.255.3476](tel:979.255.3476)

E vanessa@faenergyus.com

From: [Engineer, OCD, EMNRD](#)
To: [Marshall Bates](#); [Vanessa Neal](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#)
Subject: Approved Administrative Order DHC-5139
Date: Wednesday, December 8, 2021 11:14:46 AM
Attachments: [DHC5139 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5139 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Rhodes Federal Unit 96 well (30-025-24536).

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. If you have any questions regarding this matter, please contact me.

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

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

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

ORDER NO. DHC-5139

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

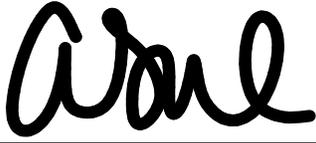
proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

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. If the Well is deepened, then Applicant shall conduct and, no later than forty-five (45) days after the Well is deepened, provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
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. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
7. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
8. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 12/07/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5139**

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

Well Name: **Rhodes Federal Unit #96**

Well API: **30-025-24536**

Pool Name: **RHODES; YATES-SEVEN RIVERS (GAS)**

Upper Zone

Pool ID: **83810**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **0%**

Gas: **31%**

Interval: **Perforations**

Top: **2,713**

Bottom: **2,992**

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: **LEONARD;QUEEN, SOUTH**

Lower Zone

Pool ID: **38760**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **100%**

Gas: **69%**

Interval: **Open-Hole**

Top: **3,360**

Bottom: **3,450**

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

Top of Queen Formation: **3,360**

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 33745

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 1000 Houston, TX 77079	OGRID: 329326
	Action Number: 33745
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	12/8/2021