

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

**APPLICATION OF FAE II OPERATING, LLC
FOR DISMISSAL OF ORDER NO. R-21423,
LEA COUNTY, NEW MEXICO.**

Case No. 25410

**SELF-AFFIRMED STATEMENT
OF JOSEPH KENT**

1. I am the Vice President of Land and Business Development for Forty Acres Energy, LLC and FAE II Operating, LLC (collectively herein referred to as "FAE") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my credentials as an expert in petroleum land matters are a matter of record.

2. I am familiar with the Application in this case and with the land matters pertaining to this Application.

3. FAE is the designated operator of the Arnott Ramsey Waterflood Project, approved under Order No. R-21423, attached as **Exhibit A-1**, in Case No. 21118, on August 12, 2020, which consists of 640 acres, more or less, of State trust land, all situated in Lea County, New Mexico, as follows:

Township 25 South, Range 37 East, NMPM

Section 32: All

4. FAE is also the designated operator under Division Order No. R-23736, attached as **Exhibit A-2** in Case No. 23712, approved on March 12, 2025. Pursuant to that Order, FAE

received an order approving statutory unitization, pursuant to NMSA 1978 Sections 70-7-1 through 70-7-21, as amended (the "Statutory Unitization Act"), of the South Jal Unit, comprising 19,369.77 acres, more or less, of federal, state and fee lands ("South Jal Unit").

5. Paragraph No. 3 of Order No. R-23736 provides that the inclusion of the Arnott Ramsey Waterflood Project, as approved under Order No. R-21423, into the South Jal Unit Area is conditional upon continued injection for waterflood operations.

6. FAE does not seek inclusion of the Arnott Ramsey Waterflood Project into the South Jal Unit.

7. As such, pursuant to Order No. R-23736, FAE seeks complete dismissal of Order No. R-21423, to rescind the Waterflood Project, effective simultaneous with the effective date of the South Jal Unit (the Unit order is pending currently with the Division for approval) because the waterflood operation under order R-21423 is no longer necessary.

8. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



JOSEPH KENT

7/3/2025

Date

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

**IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:**

**CASE NO. 21118
ORDER NO. R-21423**

**APPLICATION OF FAE II OPERATING, LLC FOR APPROVAL OF A WATERFLOOD
PROJECT AND TO QUALIFY THE PROJECT FOR THE RECOVERED OIL TAX RATE,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 am on March 5, 2020, at Santa Fe, New Mexico, before Examiners Kathleen Murphy and Phillip R. Goetze.

NOW, on this 12th day of August 2020, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners,

FINDS THAT:

- (1) Due public notice has been given, and the Oil Conservation Division ("OCD") has jurisdiction of this case and its subject matter.
- (2) No other party appeared at the hearing or otherwise opposed the application.
- (3) The Applicant, FAE Operating, LLC (OGRID 329326) seeks approval for its Arnott Ramsey Waterflood Project within the Seven Rivers formation. Applicant also seeks to convert its Arnott Ramsey NCT-B No. 11 to injection, and to covert future wells for expansion within the project area to injection administratively. Applicant further seeks to qualify the project for an incentive tax rate under the Enhanced Oil Recovery Act.
- (4) The proposed area for the Arnott Ramsey Waterflood Project consists of 640 acres (more or less) of state trust land situated in Lea County, New Mexico:

**Township 25 South, Range 37 East, NMPM
Section 32: All**

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- (5) Applicant is proposing to convert one existing producing well to an injection well for use in the waterflood operation within the project. The well is the Arnott Ramsay NCT-B No. 11 (API No. 30-025-26963) with a surface location of 1650 feet from the south line and 990 feet from the west line of Section 32 (Unit letter L), Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.
- (6) Applicant is proposing drill and complete six new injection wells for use in the waterflood operation within the project: The Arnott Ramsay NCT-B No. 14, the Arnott Ramsay NCT-B No. 15, the Arnott Ramsay NCT-B No. 16, the Arnott Ramsay NCT-B No. 17, the Arnott Ramsay NCT-B No. 18 and the Arnott Ramsay NCT-B No. 19.
- (7) Applicant appeared at the hearing through counsel and presented the following testimony:
- a) The Seven Rivers formation in this area has been defined by development by existing wells and plugged wells with the project located entirely in the Jalmat; Tan-Yates-7Rvrs Pool (Pool code 33820).
 - b) Applicant has described the proposed injection zone in the Seven Rivers formation at a depth of approximately 3,170 to a depth of 3,290 feet. The proposed injection well has not been previously perforated at these approximate depths.
 - c) The Seven Rivers formation consists of back reef interbedded sandstones and dolomites with a general thickness of approximately 400 feet, from 3,000 feet to 3,400 feet, as defined by isopach maps and cross sections.
 - d) Average porosity of the sandstones ranges from 10 to 15 percent, and permeability in the sandstones are also good, ranging from 1 to 10 mD. The targeted interval is continuous and persistent throughout the proposed project area.
 - e) The sandstones are confined laterally by facies changes in the updip and downdip direction. The fluids will stay in the injected sandstone intervals due to location of producing wells around the initial injector well and future injector wells.
 - f) The reservoir is confined immediately above and below by low porosity dolomite and anhydrite that will prevent migration of injected fluids out of the injection interval.
 - g) There are no faults or other geologic structures that would allow migration of the injected fluids out of the injection interval.
 - h) The project consists of one State Land Lease so a Unit Agreement is not required, as advised by the State Land Office.
 - i) The "Unitized Formation" is defined as the continuous interval beginning 200 feet below the top of the Seven Rivers formation (top of Seven Rivers is at 2,851 feet beneath the ground surface) and continuing to 85 feet below the base of the Seven Rivers formation (base of Seven

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Rivers formation is at 3,335 feet beneath the ground surface) as correlated to the interval from 3,051 feet to 3,420' feet beneath the ground surface as shown on the Welex Compensated Density Neutron Log dated December 28, 1978, for the Arnott Ramsay NCT-B No. 5 well (API No. 30-025-26105) located 330 feet from the south line and 1,650 feet from the east line of Section 32, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

j) The proposed injector well(s) will be properly constructed to prevent migration of the injected fluid upward to any underground source of drinking water or other hydrocarbon-producing formation.

k) Applicant requests a maximum surface injection pressure of 634 pounds per square inch (psi) with an average surface injection pressure of 600 psi. The proposed average daily injection rate will be 350 barrels of water per day (BWPD) with a maximum of 800 BWPD.

l) Applicant testified there are approximately 29 wells within one-half mile of the proposed well that penetrate the proposed injection interval. Of these, 13 wells are plugged and abandoned.

m) Applicant compiled sufficient completion or plugged and abandoned information for all of the penetrating wells. Applicant contends that each of the wells in the AOR is properly plugged and abandoned so that it will not become a conduit to allow migration of injected fluids out of the injection zone.

n) The source of injection fluids will be from the Owl Kimberly #1 SWD located west of the project area in Section 31. The Kimberly SWD #1 receives water from different wells in the area and thus an aggregate of those water samples was analyzed. The aggregate water analyses was similar to the connate water from the FAE producing wells. There are not expected to be any fluid compatibility issues.

o) Applicant located 7 to 14 water wells within a one-mile radius of the existing well, the Arnott Ramsay NCT-B No. 11, and the proposed locations for the Arnott Ramsay NCT-B No. 14, No. 15, No. 16, No. 17, No. 18 and the No. 19. The Arnott Ramsay NCT-B No. 14, No. 16, No. 17 and No. 18 have active water wells within a ½ mile radius. FAE has obtained water analyses of three freshwater wells between 0.4 and 1.3 miles from the proposed injectors. Applicant testified there is no known hydrologic connection between the injection zone and any underground source of drinking water.

p) Within the proposed project area, the reservoir is in an advanced state of depletion. Applicant predicted a waterflood reserve of 1,000,000 barrels of additional oil recovery over an economic life of 30 to 40 years.

q) Applicant presented testimony that the revenue from the project is expected to exceed the costs plus a reasonable profit. The waterflood is expected to increase production in existing wells, and those wells should qualify for the recovered oil tax rate.

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- r) Applicant provided the required notices to affected persons pursuant to Subsection C of Rule 19.15.26.8 NMAC.
- s) The project consists of one New Mexico State lease of which Applicant has 100 percent of the working interest in the lease. No fee or federal leases are located within this project.
- t) The Commissioner of Public Lands has given preliminary approval of the waterflood project.

The OCD concludes that:

- (8) The proposed project should, in reasonable probability, result in production of substantially more hydrocarbons from the project area than would otherwise be produced therefrom, will prevent waste, and will not impair correlative rights.
- (9) FAE Operating, LLC presented exhibits containing the information required by OCD rules to qualify this project under the Enhanced Oil Recovery Act.
- (10) The evidence establishes that the project meets all the criteria for certification by the OCD as a qualified "Enhanced Oil Recovery (EOR) Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5). The certified project area should consist of the entire project area.
- (11) The EOR project area and/or the producing wells within this area eligible for the recovered oil tax rate may be contracted or expanded depending upon the evidence presented by the applicant in its demonstration of the occurrence of a positive production response.
- (12) At this date, FAE Operating, LLC (OGRID 329326) is in compliance with Rule 19.15.5.9 NMAC and therefore is eligible for approval of injection permits.
- (13) This application and the proposed project should be approved.

IT IS THEREFORE ORDERED THAT:

- 1) FAE Operating, LLC is hereby authorized to implement secondary recovery operations within the Arnott Ramsay Waterflood Project by injection of water into the Seven Rivers formation, Jalmat; Tan-Yates-7Rvrs Pool (Pool code 33820).
- 2) The Arnott Ramsay Waterflood Project is hereby approved and shall consist of the entire Arnott Ramsay Waterflood Project described in Findings Paragraph (4) and shall be contained vertically within the Unitized Formation.
- 3) The "Unitized Formation" is defined as the continuous interval beginning 200 feet below the top of the Seven Rivers formation (top of Seven Rivers is at 2,851 feet beneath the ground surface) and continuing to 85 feet below the base of the Seven Rivers formation (base of Seven

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Rivers formation is at 3,335 feet beneath the ground surface) as correlated to the interval from 3,051 feet to 3,420' feet beneath the ground surface as shown on the Welex Compensated Density Neutron Log dated December 28, 1978, for the Arnott Ramsay NCT-B No. 5 well (API No. 30-025-26105) located 330 feet from the south line and 1,650 feet from the east line of Section 32, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(4) The Arnott Ramsay NCT-B No. 11 (API No. 30-025-26963) with a surface location of 1650 feet from the south line and 990 feet from the west line of Section 32 (Unit letter L), Township 25 South, Range 37 East, NMPM, Lea County, New Mexico is hereby authorized to inject through perforations from 3,170 to a depth of 3,290 feet.

5) FAE Operating, LLC (OGRID OGRID 329326) is hereby designated the operator of the project.

6) Operator shall take all steps necessary to ensure that the injected fluid enters only the injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

7) Injection shall be accomplished through plastic-lined, 2 $\frac{3}{8}$ -inch tubing installed in a packer set in the casing within 100 feet of the uppermost injection perforations. The casing-tubing annulus shall be filled with an inert fluid, and a gauge or approved leak-detection device shall be attached to the annulus in order to detect leakage in the casing, tubing or packer.

8) Each injection well shall pass a mechanical integrity test prior to initial commencement of injection and prior to resumption of injection each time the injection packer is unseated. All testing procedures and schedules shall conform to the requirements of Rule 19.15.26.11.A NMAC. The Director retains the right to require at any time wireline verification of completion and packer setting depths.

9) Each injection well shall be initially equipped with a pressure control device that will limit the surface injection pressure on the well. The maximum surface injection pressure for the injection well approved shall be limited to 634 psi [based on an administratively approved gradient of 0.2 psi per foot of depth to the uppermost perforation].

10) The Director may administratively authorize an increase in the maximum injection pressure upon a showing by the Operator that such higher pressure will not result in fracturing of the injection formation or confining strata.

11) The Director may administratively authorize additional injection wells within the project as provide in Rule 19.15.26.8.G.5 NMAC without the necessity for further hearings.

12) For each injection well, the Operator shall give at least 72 hours advance notice to the supervisor of the Division's Hobbs District I Office of the date and time (i) injection equipment will be installed, and (ii) the mechanical integrity pressure tests will be conducted, so that these operations may be witnessed.

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- 13) The Operator shall provide written notice of the date of commencement of injection operations into each well to the Hobbs District I Office.
- 14) The Arnott Ramsay Waterflood Project is hereby certified to the New Mexico Taxation and Revenue Department as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5).
- 15) The area to be affected by the enhanced oil recovery project shall consist of the area within the Arnott Ramsay Waterflood Project; however, the area and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted or expanded based upon the evidence presented by the unit Operator in its demonstration of a positive production response.
- 16) At such time as a positive production response occurs, and within five years from the date the project was certified to the New Mexico Taxation and Revenue Department, the unit Operator must apply to the OCD for certification of a "positive production response." This application for "positive production response" shall identify the area benefiting from enhanced oil recovery operations and the specific wells eligible for the EOR tax rate.
- 17) The OCD may review the application administratively or set it for hearing. Based upon the evidence presented, the OCD will certify to the New Mexico Taxation and Revenue Department those wells that are eligible for the EOR tax rate.
- 18) The injection authority granted under this Order is not transferable except upon OCD approval. The OCD may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.
- 19) The operator shall immediately notify the supervisor of the Hobbs District I Office of the failure of the tubing, casing or packer in any of the injection wells, or the leakage of water, oil, gas or other fluid from or around any producing or abandoned well within one-half mile of the injection well, and shall take all steps as may be timely and necessary to correct such failure or leakage.
- 20) The Project shall be governed by applicable provisions of Rules 19.15.26.8 through 26.15 NMAC. Operator shall submit monthly reports of the injection operations on OCD Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.28 NMAC.
- 21) The injection authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations; provided, however, the OCD, upon written request by the Operator filed prior to the expiration of the two-year time period, may grant an extension for good cause.
- 22) In accordance with Rule 19.15.26.12.C NMAC, the injection authority granted herein shall terminate, if after injection commences, any continuous period of one year elapses without reported injection into any authorized injection well in the project area occurring; provided, however, the OCD, upon written request by Operator filed prior to the expiration of the one-year

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period of non-injection, may grant an extension for good cause.

- 23) Operator shall provide written notice to the OCD upon permanent cessation of injection into the Project.
- 24) This Order does not relieve Operator of responsibility should its operations cause any actual damage or threat of damage to protectable fresh water, human health or the environment; nor does it relieve the operator of responsibility for complying with applicable OCD rules or other state, federal or local laws or regulations.
- 25) Upon failure of the operator to conduct operations (1) in such manner as will protect fresh water, or (2) in a manner consistent with the requirements in this order, the OCD may, after notice and hearing, (or without notice and hearing in event of an emergency), terminate the injection authority granted herein.
- 26) This Order is subject to final approval of the Arnott Ramsay Waterflood Project by the New Mexico State Land Office.
- 27) Jurisdiction of this case is retained for the entry of such further orders as the OCD may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
Director

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

**IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:**

**APPLICATION OF FAE II OPERATING, LLC
FOR STATUTORY UNITIZATION,
LEA COUNTY, NEW MEXICO**

**CASE NO. 23712
ORDER NO. R-23736**

ORDER OF THE DIVISION

This case came in for hearing before the Oil Conservation Division ("OCD") at 8:15 a.m. on December 7 and 8, 2023, in Santa Fe, New Mexico.

The OCD Director, having considered the testimony, the record, the recommendations of Hearing Examiners, these findings of fact, and conclusions of law issues this Order.

FINDINGS

1. Due public notice has been given and the OCD has jurisdiction of this case and its subject matter.
2. The applicant, FAE II Operating, LLC ("Applicant" or "FAE"), seeks statutory unitization, pursuant to NMSA 1978 Sections 70-7-1 through 70-7-21, as amended (the "Statutory Unitization Act"), of the South Jal Unit, comprising 19,369.77 acres, more or less, of federal, state and fee lands, being a portion of the JALMAT;TAN-YATES-7 RVRs (OIL) Pool [pool code 33820] and the LANGLEIE MATTIX;7 RVRs-Q-GRAYBURG Pool [pool code 37240] and for the purpose of instituting enhanced oil recovery operations in the Yates, Seven Rivers and Queen formations, and approval of a Unit Agreement and Unit Operating Agreement, which were submitted as Applicant's Exhibit Nos. A-5 and A-6, respectively, in this case.
3. The proposed Unit Area consists of the following described lands in Lea County, New Mexico:

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Township 25 South, Range 36 East, NMPM

Section 13: SE/4
Section 24: E/2
Section 25: All
Section 26: E/2E/2
Section 36: N/2, SE/4

Township 25 South, Range 37 East, NMPM

Section 15: W/2W/2
Section 16: All
Section 18: Lot 4
Section 19: All
Section 21: Lot 1 through Lot 4 (inclusive), E/2SW/4
Section 22: W/2NW/4, S/2
Section 23: SW/4
Section 26: W/2, SW/4SE/4
Section 27: All
Section 28: All
Section 30: Lot 1 through Lot 4 (inclusive), E/2W/2, W2/E2
Section 31: All
Section 32: All
Section 33: All
Section 34: All
Section 35: NW/4, W/2NE/4, S/2

Township 26 South, Range 37 East, NMPM

Section 3: All
Section 4: All
Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: All
Section 10: All
Section 15: All
Section 16: All
Section 17: All
Section 18: Lot 1, NE/4NW/4, E/2
Section 19: NE/4
Section 20: All
Section 21: W/2, NE/4, W/2SE/4
Section 22: N/2
Section 23: SW/4NW/4
Section 29: All
Section 32: N/2N/2, Lots 1 through 4 (inclusive)

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4. For purposes of hearing, this case was consolidated with Case No. 23711, *Application of FAE II Operating, LLC for Approval of an Enhanced Oil Recovery Project and to Qualify the Project for the Recovered Oil Tax Rate, Lea County, New Mexico*. A separate order will be entered in Case No. 23711.
5. As per the Unit Agreement, submitted as Applicant's Exhibit A-5, the vertical extent of the proposed Unitized Formation is from the top of the Yates formation to a lower limit at the base of the Queen formation; the geologic markers having been previously found to occur at 2635 feet and 3563 feet, respectively, in Western Natural Gas Company's Dabbs Well No. 1 (current well name Dabbs Well No. 4; API Number 30-025-11887), located at 1650 feet from the North line and 660 feet from the West line of Section 34, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, as recorded on the Schlumberger Gamma Ray-Neutron Log run taken on August 14, 1957, said log being measured from a Kelly Bushing elevation of 3025 feet above sea level.
6. FAE had originally filed Case No. 22972 that sought approval of a Statutory Unit for the South Jal Unit but later requested a dismissal of this case and the associated Case No. 22971.
7. On September 20, 2023, COG Oil & Gas, LLC ("COG") and ConocoPhillips entered an appearance in these cases and notice of objection to proceeding by affidavit.
8. On October 5, 2023, Pilot Water Solutions, LLC entered an appearance for Case No. 23712.
9. In response to the objection, a status conference for both cases was held on October 5, 2023. Following the conference, the OCD Hearing Examiner issued a pre-hearing order that set the hearing date as December 7, 2023, and the requirements for submission of case documents and procedures for conducting the hearing.
10. COG provided a prehearing statement on November 30, 2023, with the following summary of the case:
 - a. Applicant seeks to force COG and other working interest owners into a Statutory Unit.
 - b. To proceed with the application, Applicant must demonstrate that notice has been properly satisfied as required under 19.15.4.12(A)(1) NMAC.
 - c. If notice is proper, then the application must satisfy the six fundamental criteria described in Section 70-7-6(A) NMSA of the Statutory Unitization Act.
 - d. Finally, any order issued for approval of the unit must address the allocation of production and costs with a proposed tract allocation formula applicable to separately owned tracts on a fair, reasonable and equitable basis.

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11. Through counsel, COG and ConocoPhillips appeared at hearing. No other party appeared at hearing or otherwise opposed these applications.

12. Applicant appeared at the hearing through counsel and presented the following testimony in support of the proposed Unit:

a. Applicant made a good faith effort to identify and notify all owners of the mineral estate within the Unit Area. Applicant stated that all working interest owners for the Unit Area have been identified.

b. Applicant proposed participation parameters and made a good faith effort to present and explain those parameters and the Unit Agreement and Unit Operating Agreement to the tract owners. Applicant formally proposed the Unit and the Unit Agreement to the working and overriding royalty interests.

c. At the time of the hearing, Applicant had obtained voluntary agreement of the Unit by 78.10 percent of the interest owners. At the time of the hearing, Applicant provided documentation that Bureau of Land Management ("BLM") had given preliminary approval for the Unit but did not provide written documentation of preliminary approval by the New Mexico State Land Office.

d. The lands are divided in mineral ownership (more or less) as follows: 2,692.40 acres (13.90 percent of the Unit Area) of State trust lands, 13,078.29 acres (67.52 percent of the Unit Area) of federal lands, and 3,599.08 acres (18.58 percent of the Unit Area) of fee lands. Both the Commissioner of Public Lands for the State Trust and the Authorized Officer of the BLM for the federal lands must give final approval before the non-cost bearing interests will exceed the required 75 percent.

e. Applicant has requested that it be designated operator of the Unit.

f. Applicant is interested in multiple producing intervals for enhanced oil recovery within the Yates, Seven Rivers and Queen formations. The combined gross thickness of the proposed unit is approximately 918 feet based on the type log for the Unitized Formation with the low permeability Tansil anhydrite layer at 2649 feet to the lower seal in a low permeability Grayburg carbonate at 3567 feet. All three main targets are continuous across the proposed Unit area and considered prospective for enhanced recovery through secondary and tertiary methods.

g. A total of 306 million barrels of original oil in place is contained in the Yates-Seven Rivers-Queen interval within the Unit. The cumulative production (as of 2021) is calculated at 19.568 million barrels and provides an estimated primary reserves of 1.03 million barrels with an estimated secondary reserves of 0.47 million barrels for the proposed Unit Area. Applicant estimates 20.7 million barrels of undeveloped primary reserves in unperforated sections of the Unitized Formation and in undrilled acreage of the prior primary well pattern.

h. For development of the Unit, Applicant is proposing a drilling program the

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includes 667 wells consisting of 438 injection wells and 229 producing wells while utilizing a 40-acre, inverted 5-spot pattern for waterflooding. Applicant also proposes the use of small-scale pilot projects within the Unit to evaluate performance in support of the larger development program.

i. The revenue from the project is expected to exceed the costs plus a reasonable profit. The waterflood is expected to increase production in existing wells, and those wells should qualify for the recovered oil tax rate.

j. Unitized management of this reservoir and the associated pools is necessary to effectively carry out enhanced recovery operations.

k. The tract allocation formula is a single phase and is shown in Section 13 of the Unit Agreement, as follows:

- i. Current production rate from the Unitized Formation by Tract at 10 percent; and
- ii. Amount of Remaining Recoverable Oil in Place at 90 percent.
- iii. Agreement allows for modification of the calculation for tract participation in the event less than all tracts are qualified on the effective date.

l. The proposed enhanced oil recovery operation is economically and technically feasible.

13. Applicant requested that the *"Rhodes Unit, which appears to have been approved by Division Order No. 772, be terminated pursuant to the Bureau of Land Management's agreement to dissolve the Rhodes Unit and incorporate the area into the South Jal Unit."*

14. Upon cross examination by counsel for COG and ConocoPhillips, the following statements or facts were provided in testimony.

a. There was no title opinion obtained by the Applicant that covered the entire proposed Unit while the Applicant stated that only title opinions for individual tracts within the Unit were utilized for the application.

b. Applicant did not address the potential for separate or split ownership of gas rights and oil rights within the proposed Unit.

c. Applicant's proposed unit operating agreement was vague or deficient in several important components including determination of expenses, termination procedures, readjustment of investments, and funding provisions.

d. COG and other interest owners expressed opposition to the amount of proposed expenditures available without an AFE being provided to working interest owners for approval or without approval by voting by working interest owners.

e. Application contained the request to incorporate the area for an existing

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waterflood project, the Arnott Ramsey Waterflood Project, into the Unit Area. The incorporation of this project under the terms of the proposed unit operating agreement imposed excessive risk penalty and did not allow for notice or participation by working interest owners in unit operations.

15. Notice of this application was provided to all affected locatable interest owners in the Unit Area. In addition, pursuant to OCD rules, the Applicant published notice of this application in a newspaper of general circulation in Lea County, New Mexico on September 13, 2023.

16. On December 19, 2023, FAE provided a Supplemental Filing for both cases that contained the following documentation requested by the Examiners at hearing.

a. An enlarged Figure 11 which was originally submitted in the hearing exhibits as the Feasibility Study and provided as part of the initial Plan of Development.

b. Proposed plan for the protection of correlative rights which included the use of production wells to manage pressure at the Unit boundary and obtaining written agreements with adjacent operators for the placement of injection wells at the Unit boundary.

c. Additional analysis of the sources of injection water, produced water from the Unitized Formation, to be used in the waterflood operation.

d. A copy of FAE's hydrogen sulfide ("H₂S") Standard Working Policy and the H₂S Contingency Plan proposed for the operation of the Unit.

17. Review of OCD records show the type log of the well referenced for the Unitized Formation is not available on the OCD Imaging website and not available for public review.

CONCLUSIONS OF LAW

1. Unitized management, operation, and development of the Unit Area are necessary to effectively conduct enhanced recovery operations and increase the ultimate recovery of oil from the Unit Area.

2. The proposed method of enhanced recovery operations within the Unit Area, as described in the Plan of Operations is feasible, will prevent waste, and will result, with reasonable probability, in the recovery of substantially more hydrocarbons from the Unitized Area than would otherwise be recovered.

3. The estimated additional costs of the proposed operations will not exceed the estimated value of the additional hydrocarbons recovered plus a reasonable profit.

4. Unitization and implementation of enhanced recovery operations in the Unit Area, as described in the Unit Agreement will benefit the working interest and royalty interest owners within the proposed Unit Area and will protect the correlative rights of all parties.

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5. Applicant has made a good faith effort to secure voluntary unitization of the Unitized Formation within the Unit Area.
6. The provisions of the proposed Unit Agreement and Unit Operating Agreement are fair, reasonable, and equitable, contain satisfactory provisions with respect to all of the matters required by Section 70-7-7 NMSA 1978, as amended, and should be incorporated by reference into this order. The participation formula contained in the Unit Agreement allocates the produced and saved, unitized hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable, and equitable basis.
7. Creating a Unit comprising the Unit Area and providing for the unitization and unitized operation of the Unit Area upon the terms and conditions approved herein is necessary to protect and safeguard the rights and obligations of the working interest owners, the royalty and overriding interest owners in the Unit Area.
8. It is prudent to apply enhanced recovery techniques to maximize the ultimate recovery of crude oil from the Unit Area. The enhanced recovery application (Case No. 24605) is the subject of a separate OCD order.
9. The Unit Area should be approved for statutory unitization in accordance with the Unit Agreement and Unit Operating Agreement and should be named the **South Jal (Yates-Seven Rivers-Queen) Unit**.
10. FAE II Operating, LLC (OGRID No. 329326) should be designated as the operator of the Unit.

IT IS THEREFORE ORDERED THAT:

1. The application of FAE II Operating, LLC ("Applicant" or "operator") for the statutory unitization of 3,154.37 acres (more or less) of Federal, State, and Fee lands in Lea County, New Mexico, to be known as the **South Jal (Yates-Seven Rivers-Queen) Unit** ("Unit"), is hereby approved pursuant to the Statutory Unitization Act (NMSA 1978, Sections 70-7-1 through 70-7-21).
2. The Unit Area shall consist of the following described lands in Lea County, New Mexico:

Township 25 South, Range 36 East, NMPM

Section 13:	SE/4
Section 24:	E/2
Section 25:	All
Section 26:	E/2E/2
Section 36:	N/2, SE/4

Case No. 23712
 Order No. R-23736
 Page 8 of 11

Township 25 South, Range 37 East, NMPM

Section 15:	W/2W/2
Section 16:	All
Section 18:	Lot 4
Section 19:	All
Section 21:	Lot 1 through Lot 4 (inclusive), E/2SW/4
Section 22:	W/2NW/4, S/2
Section 23:	SW/4
Section 26:	W/2, SW/4SE/4
Section 27:	All
Section 28:	All
Section 30:	Lot 1 through Lot 4 (inclusive), E/2W/2, W/2E/2
Section 31:	All
Section 32:	All
Section 33:	All
Section 34:	All
Section 35:	NW/4, W/2NE/4, S/2

Township 26 South, Range 37 East, NMPM

Section 3:	All
Section 4:	All
Section 5:	All
Section 6:	All
Section 7:	All
Section 8:	All
Section 9:	All
Section 10:	All
Section 15:	All
Section 16:	All
Section 17:	All
Section 18:	Lot 1, NE/4NW/4, E/2
Section 19:	NE/4
Section 20:	All
Section 21:	W/2, NE/4, W/2SE/4
Section 22:	N/2
Section 23:	SW/4NW/4
Section 29:	All
Section 32:	N/2N/2, Lots 1 through 4 (inclusive)

3. The inclusion of the Unit Area of the Arnott Ramsey Waterflood Project into the South Jal (Yates-Seven Rivers-Queen) Unit is conditional. The following 640 acres (more or less) of state trust land were approved as the project area for the Arnott Ramsey Waterflood Project under Division Order No. R-21423.

Township 25 South, Range 37 East, NMPM

Section 32:	All
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Case No. 23712
Order No. R-23736
Page 9 of 11

Within sixty (60) days of approval of this Order, FAE II Operating, LLC shall satisfy the requirement of Ordering Paragraph (23) of Order No. R-21423. A copy of the written notice shall also be submitted to the New Mexico State Land Office. Failure to meet this requirement shall result in FAE II Operating, LLC to seek approval for the inclusion of this state trust land through hearing.

4. In response to Findings Paragraph (13), OCD records indicate that the Statutory Unit described as the "*Rhodes Unit, which appears to have been approved by Division Order No. 772*" is the Rhodes Yates Unit (Hearing Order No. R-4521 and No. R-4522) located in Sections 21, 27 and 28, Township 26 South, Range 37 East, NMPM. The acreage of this Statutory Unit is not included in the Unit Area described in Ordering Paragraph (2) but is adjacent to southeast boundary of the Unit. To proceed with the requested action, the Applicant shall comply with the conditions provided in the *UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE RHODES-YATES UNIT AREA, LEA COUNTY, NEW MEXICO* [Case Nos. 4935 and 4936; Exhibit No. 2 dated April 11, 1973].

Citing the UNIT AGREEMENT; Section 25. Effective Date and Term; Paragraph 3:
This agreement may be terminated at any time with the approval of the Commissioner and the Supervisor by Working Interest Owners having at least ninety percent (90%) Unit Participation, as determined from Exhibit "C". Notice of such termination shall be given by Unit Operator to all parties hereto.

Where the:

"Commissioner" is defined as the Commissioner of Public Lands of the State of New Mexico

And the:

"Supervisor" is defined as the Oil and Gas Supervisor of the United States Geological Survey. OCD assumes that this authority is currently with the BLM but shall be verified by the Applicant.

Consequently, with the approvals previously cited, Applicant shall fulfill the conditions of Ordering Paragraph (4) of Commission Order No. R-4522. With all of these conditions satisfied, Applicant shall file an application to amend this Order to include the acreage of the former Rhodes Yates Unit.

5. As per the Unit Agreement, submitted as Applicant's Exhibit A-5, the vertical extent of the Unitized Formation shall be from the top of the Yates formation to a lower limit at the base of the Queen formation; the geologic markers having been previously found to occur at 2635 feet and 3563 feet, respectively, in Western Natural Gas Company's Dabbs Well No. 1 (current well name Dabbs Well No. 4; API Number 30-025-11887), located at 1650 feet from the North line and 660 feet from the West line of Section 34, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, as recorded on the Schlumberger Gamma Ray-Neutron Log run taken on August 14, 1957, said log being measured from a Kelly Bushing elevation of 3025 feet above sea level.

Case No. 23712
Order No. R-23736
Page 10 of 11

6. Applicant shall submit an electronic version of the type log used for the determination of the vertical extent of the Unitized Formation in Ordering Paragraph (4) to be placed in the well log file for the Dabbs Well No. 4.
7. This Order shall become effective on the first day of the month following the approval of plan of unit operations provided herein by the owners of at least seventy-five (75) percent of the production or proceeds thereof, that will be credited to interests which are free of cost, such as royalties and overriding royalties (Section 70-7-8 NMSA 1978). Any supplemental OCD order that the plan of unit operations has been so approved will be retroactive to that date.
8. Within sixty (60) days of the approval of this Order, the Applicant shall submit (electronically using the OCD.Engineering@emnrd.nm.gov email) the following items as a single submission.
 - a. Applicant shall provide a final current version of Applicant's Exhibit B "*Schedule Showing the Percentage and Type of Ownership of Oil and Gas Interests.*" for this case.
 - b. Applicant shall provide a current list of uncommitted working interest and royalty owners for inclusion into the case file.
 - c. Applicant shall provide a summary of any additional title research conducted since the date of the hearing for this application.
9. The proposed Unit Agreement and the Unit Operating Agreement, admitted as Applicant's Exhibit Nos. A-5 and A-6, respectively, at the hearing of this case, are hereby approved and incorporated into this Order by reference.
10. FAE II Operating, LLC (OGRID No. 329326) is hereby designated the operator of the Unit.
11. In order to facilitate the orderly development of the Jalmat;Tan-Yates-7 Rvrs (Oil) and the Langlie Mattix;7 Rvrs-Q-Grayburg pools within the Unit, the operator shall file an additional application to expand the vertical limits within the Unit Area of the Langlie Mattix;7 Rvrs-Q-Grayburg pool to include the Yates formation.
12. The operator of the Unit shall notify the OCD in writing of its removal or the substitution of any other working interest owner within the Unit Area as operator, or of the transfer or assignment of its entire remaining working interest in the Unit Area.
13. The operator shall submit copies of all governmental reports (such as annual Plans of Development or Plans of Operation) required by the BLM and the State Land Office. These reports shall be submitted to the OCD through E-permitting for posting in the case file for Case No. 23712.
14. This Unit created for purposes of enhanced recovery shall terminate if the authority for

Case No. 23712
Order No. R-23736
Page 11 of 11

injection within the Unit is terminated by the OCD.

15. Jurisdiction is retained by the OCD for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order; whereupon the OCD may, after notice and hearing or prior to notice and hearing in event of an emergency, terminate the disposal authority granted herein.



GERASIMOS RAZATOS
Division Director (Acting)

Date: 3/12/2025

GR/prg

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

**APPLICATION OF FAE II OPERATING, LLC
FOR DISMISSAL OF ORDER NO. R-21423,
LEA COUNTY, NEW MEXICO.**

Case No. 25410

**SELF-AFFIRMED STATEMENT
of ERNEST L. PADILLA**

1. I am the attorney in fact and authorized representative of FAE II OPERATING, LLC, the Applicant herein. I have personal knowledge of the matters addressed herein and am competent to provide this self-affirmed statement.

1. The application and notice of hearing were sent by certified mail to the affected parties on the date set forth in the letter attached hereto along with copies of the return green cards listed as Exhibit B-1.

2. Attached hereto as Exhibit B-2 is the Affidavit of Publication showing that publication of the Notice of Hearing was published on June 1, 2025 by the Hobbs News-Sun newspaper.

3. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



ERNEST L. PADILLA



Date

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

**APPLICATION OF FAE II OPERATING, LLC
FOR DISMISSAL OF ORDER NO. R-21423,
LEA COUNTY, NEW MEXICO.**

Case No. 25410

APPLICATION

FAE II Operating, LLC [OGRID 329326] ("FAE" or "Applicant"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division ("Division"), pursuant to the provisions of the New Mexico Oil and Gas Act, Chapter 70, Article 1, NMSA 1978, to dismiss Order No. R-14123, and dissolve the Arnott Ramsey Waterflood Project ("Waterflood Project"), pursuant to Ordering Paragraph 23 of Order No. R-21423, and for a Division order dismissing the Waterflood Project in Lea County, New Mexico. In support of its Application, FAE states the following:

1. FAE is the designated operator of the Arnott Ramsey Waterflood Project, approved under Order No. R-21423, in Case No. 21118, on August 12, 2020, which consists of 640 acres, more or less, of State trust land, all situated in Lea County, New Mexico, as follows:

Township 25 South, Range 37 East, NMPM

Section 32: All

2. FAE hereby applies, as required by Paragraph 23 of the Order, to dissolve the Arnott Ramsey Waterflood Project ("Arnott Ramsey Waterflood Project"), pursuant to Ordering Paragraph 23 of Order R-21423, and for a Division order dismissing the Waterflood Project located in Lea County, New Mexico.

3. FAE is also the designated operator under Division Order No. R-23736, in Case No. 23712, approved on March 12, 2025. Pursuant to that Order, FAE received an order approving statutory unitization, pursuant to NMSA 1978 Sections 70-7-1 through 70-7-21, as amended (the "Statutory Unitization Act"), of the South Jal Unit, comprising 19,369.77 acres, more or less, of federal, state and fee lands ("South Jal Unit").

4. Paragraph No. 3 of Order No. R-23736 provides that the inclusion of the Arnott Ramsey Waterflood Project, as approved under Order No. R-21423, into the South Jal Unit Area is conditional.

5. FAE does not seek inclusion of the Arnott Ramsey Waterflood Project into the South Jal Unit.

6. As such, pursuant to Order No. R-23736, FAE seeks complete dismissal of Order No. R-21423, and rescission or dismissal of the Waterflood Project, effective simultaneous with the effective date of the South Jal Unit (the Unit order is pending currently with the Division for approval).

WHEREFORE, FAE requests this Application be set for hearing on July 10, 2025, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Granting this Application to Dismiss Order No. R-21423 (entered by the Division on August 12, 2020), upon approval of the Sal Jal Unit; and
- B. Dissolving the Unit effective upon OCD approval of the South Jal Unit (Unit Order No. R-pending).

Respectfully submitted,

PADILLA LAW FIRM, P.A.

/s/ Ernest L. Padilla

Ernest L. Padilla

P.O. Box 2523

Santa Fe, NM 87504-2523

(505) 988-7577

padillalawnm@gmail.com

Attorney for FAE II Operating, LLC

PADILLA LAW FIRM, P.A.

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1512 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505

MAILING ADDRESS
P.O. BOX 2523

SANTA FE, NEW MEXICO 87504-2523

EMAIL ADDRESS
padillalawnm@outlook.com

TELEPHONE
505-988-7577

FACSIMILE
505-988-7592

May 29, 2025

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Bureau of Land Management
United States Department of Interior
301 Dinosaur Trail
Santa Fe, NM 87508

**Re: NMOCD Case Number#25410 In the Matter of the Application of FAE II
Operating, LLC, for Dismissal of Order No. R-21423, Lea County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be provisionally set for Thursday, July 10, 2025.

This hearing will be conducted in person. You can also participate electronic through the instructions posted on the OCD Hearings website:
<https://www.emnrd.state.nm.gov/OCD/hearing-info>. You are not required to attend this hearing, but as an owner of an interest or offset operator that may be affected, you may appear and present testimony. Failure to appear at the time and become a party of record will preclude you from challenging these applications at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.B. This statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system
<https://www.wapps.emnrd.state.nm.gov/ocd/ocdpermitting>.

Very truly yours,

/s/ **Ernest L. Padilla**
ERNEST L. PADILLA

ELP:jbg

cc: FAE II Operating, LLC

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 Santa Fe, NM 87508

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 United States Department of Interior
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 Santa Fe, NM 87508


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☐ Agent
☒ Addressee

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6-2-25

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STREET ADDRESS

1512 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505

MAILING ADDRESS

P.O. BOX 2523

SANTA FE, NEW MEXICO 87504-2523

EMAIL ADDRESS

padillalawnm@outlook.com

TELEPHONE
505-988-7577

FACSIMILE
505-988-7592

May 29, 2025

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Energy Acumen LLC
4912 W 137th Place
Hawthorne, California 90250

**Re: NMOCD Case Number#25410 In the Matter of the Application of FAE II
Operating, LLC, for Dismissal of Order No. R-21423, Lea County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be provisionally set for Thursday, July 10, 2025.

This hearing will be conducted in person. You can also participate electronic through the instructions posted on the OCD Hearings website:
<https://www.emnrd.state.nm.gov/OCD/hearing-info>. You are not required to attend this hearing, but as an owner of an interest or offset operator that may be affected, you may appear and present testimony. Failure to appear at the time and become a party of record will preclude you from challenging these applications at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.B. This statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system
<https://wwwapps.emnrd.state.nm.gov/ocd/ocdpermitting>.

Very truly yours,

/s/ Ernest L. Padilla
ERNEST L. PADILLA

ELP:jbg

cc: FAE II Operating, LLC

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SANTA FE, NEW MEXICO 87504-2523

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padillalawnm@outlook.com

TELEPHONE
505-988-7577

FACSIMILE
505-988-7592

May 29, 2025

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501

***Re: NMOCD Case Number#25410 In the Matter of the Application of FAE II
Operating, LLC, for Dismissal of Order No. R-21423, Lea County, New Mexico.***

Ladies and Gentlemen:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be provisionally set for Thursday, July 10, 2025.

This hearing will be conducted in person. You can also participate electronic through the instructions posted on the OCD Hearings website: <https://www.emnrd.state.nm.gov/OCD/hearing-info>. You are not required to attend this hearing, but as an owner of an interest or offset operator that may be affected, you may appear and present testimony. Failure to appear at the time and become a party of record will preclude you from challenging these applications at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.B. This statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system <https://wwwapps.emnrd.state.nm.gov/ocd/ocdpermitting>.

Very truly yours,

/s/ Ernest L. Padilla
ERNEST L. PADILLA

ELP:jbg

cc: FAE II Operating, LLC

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PS Form 3800, April 2009 PSN 7530-02-000-9053

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TELEPHONE
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MAILING ADDRESS
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SANTA FE, NEW MEXICO 87504-2523

FACSIMILE
505-988-7592

EMAIL ADDRESS
padillalawnm@outlook.com

May 29, 2025

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Pilot Water Solutions SWD LLC
(OWL SWD OPERATING, LLC)
20 Greenway Plaza
Suite 500
Houston, TX 77046

Re: *NMOCD Case Number#25410 In the Matter of the Application of FAE II
Operating, LLC, for Dismissal of Order No. R-21423, Lea County, New Mexico.*

Ladies and Gentlemen:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be provisionally set for Thursday, July 10, 2025.

This hearing will be conducted in person. You can also participate electronic through the instructions posted on the OCD Hearings website:
<https://www.emnrd.state.nm.gov/OCD/hearing-info>. You are not required to attend this hearing, but as an owner of an interest or offset operator that may be affected, you may appear and present testimony. Failure to appear at the time and become a party of record will preclude you from challenging these applications at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.B. This statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system
<https://www.wapps.emnrd.state.nm.gov/ocd/ocdpermitting>.

Very truly yours,

/s/ *Ernest L. Padilla*
ERNEST L. PADILLA

ELP:jbg

cc: FAE II Operating, LLC

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City, State, ZIP+4®	Houston, TX 77046
PS Form 3800, July 2020 PSN 7530-02-000-9053	

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:

Pilot Water Solutions SWD LLC
(OWL SWD OPERATING, LLC)
20 Greenway Plaza, Suite 500
Houston, TX 77046



9590 9402 6769 1074 4404 46

e Number (Transfer from service label)

0 1043 4791

PS Form 3811, July 2020 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Insured Mail Restricted Delivery (over \$500)
- ☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
June 01, 2025
and ending with the issue dated
June 01, 2025.



Publisher

Sworn and subscribed to before me this
1st day of June 2025.



Business Manager

My commission expires

January 29, 2027
(Seal) STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

LEGAL

LEGAL

LEGAL NOTICE
June 1, 2025

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division. This hearing will be conducted in person provisionally set on July 10, 2025. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: OCD.Hearings@emnrd.nm.gov. Nonetheless, to stay informed as to any changes for hearing procedures you should consult the OCD website for further instructions. You are not required to attend these hearings, but as an owner of an interest or offset operator that may be affected, you may appear and present testimony. Failure to appear at the time and become a party of record will preclude you from challenging these applications at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 1211.

STATE OF NEW MEXICO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

OCD CASE: 25410

New Mexico State Land Office, Bureau of Land
Management, Energy Acumen LLC, Pilot Water
Solutions SWD (OWL SWD Operating LLC)

This is to notify all interested parties and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by FAE II Operating, LLC.:

FAE is the designated operator of the Arnett Ramsey Waterflood Project, approved under Order No. R-21423, in Case No. 21118, on August 12, 2020, which consists of 640 acres, more or less, of State trust land, all situated in Lea County, New Mexico, as follows:
**Township 25 South, Range 37 East, NMPM
Section 32: All**

#00301401

67116330

00301401

JOANN GALLEGOS
PADILLA LAW FIRM, P.A.
PO BOX 2523
SANTA FE, NM 87504