

U4SOD-200204-C-107B 938

Revised March 23, 2017

RECEIVED: 2/4/20	REVIEWER: DM	TYPE: CTB	APP NO: pDM2006257434
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND  
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: FAE II OPERATING

OGRID Number: 329326

Well Name: SHELL STATE #1 AND SHELL STATE 11

API: 30-025-32025; 30-025-04250

Pool: EUMONT, YATES, 7RIVERS- QUEEN

Pool Code: 76480

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION  
 INDICATED BELOW**

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC☒ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR2) **NOTIFICATION REQUIRED TO:** Check those which apply.A. ☐ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☐ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐

Notice Complete

☐Application  
Content  
Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

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

DAVID SCHELLSTEDE

Print or Type Name

Signature

1/28/2020

Date

832-220-3202

Phone Number

DAVID@FAENERGYUS.COM

e-mail Address

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: FAE II OPERATING, LLC  
OPERATOR ADDRESS: 11757 Katy Freeway Suite 1000 Houston, TX 77079  
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☒ Yes ☐ No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No FAE II owns 100% and the State is only mineral owner  
(4) Measurement type: ☒ Metering ☐ Other (Specify) \_\_\_\_\_  
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved \_\_\_\_\_

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Pool Name and Code. Eumont, Yates-7 RVRs - Queen: 76480  
(2) Is all production from same source of supply? ☒ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No State only mineral owner  
(4) Measurement type: ☒ Metering ☐ Other (Specify) \_\_\_\_\_

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: David Schellstede TITLE: Chief Operating Officer DATE: 1/28/2020  
TYPE OR PRINT NAME David Schellstede TELEPHONE NO.: 832-220-3202  
E-MAIL ADDRESS: david@faenergyus.com

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January 28, 2020

New Mexico State Land Office  
Oil & Gas Division  
310 Old Santa Fe Trail  
Santa Fe, NM 87504

**RE: Surface Commingling Shell State Lease**  
**Shell State #1: API 30-025-32025**  
**Shell State #11: API 30-025-0425**

To Whom it May Concern:

FAE II Operating LLC, OGRID: 329326, requests to surface commingle current gas production from the Shell State #1 and the Shell State #11, both located on State lease BO 1398 49. The Shell State #11 will have an orifice meter manufactured and assembled with in accordance with American Gas Association specifications. The Shell State #1 will be determined by subtracting the metered well from the total production measured at the lease custody transfer meter.

A new gas flowline will be laid from the Shell State #1 well to the Shell State #11 and tied in after the orifice meter as shown on page 5.

After a review of internal records, the operator and interest owners are identical for the wells mentioned above.

If you have any questions, please feel free to contact the undersigned by email at david@faenergyus.com or by telephone at (832) 220-3202.

Very truly yours,

**FAE II Operating, LLC**



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## Surface Commingling: Pool and Lease are the Same

- WI: 100% FAE II Operating
- NRI: 87.5%
- Mineral Interest owner: The state of NM has all of the 12.5%
- Lease Name: Shell State
- Shell State 1:
  - Location: Section 13 T 20S R 36 E; 1980' FNL and 800' FWL
  - Current Production: 8 MCFD
  - API 30-025-32025
  - Pools: 76480- Eumont, Yates-7 RVRS-QUEEN
- Shell State 11:
  - Location: Section 13 T 20S R 36 E; 990' FNL and 1980' FWL
  - Current Production: 46 MCFD
  - API 30-025-04250
  - Pools: 76480- Eumont, Yates-7 RVRS-QUEEN

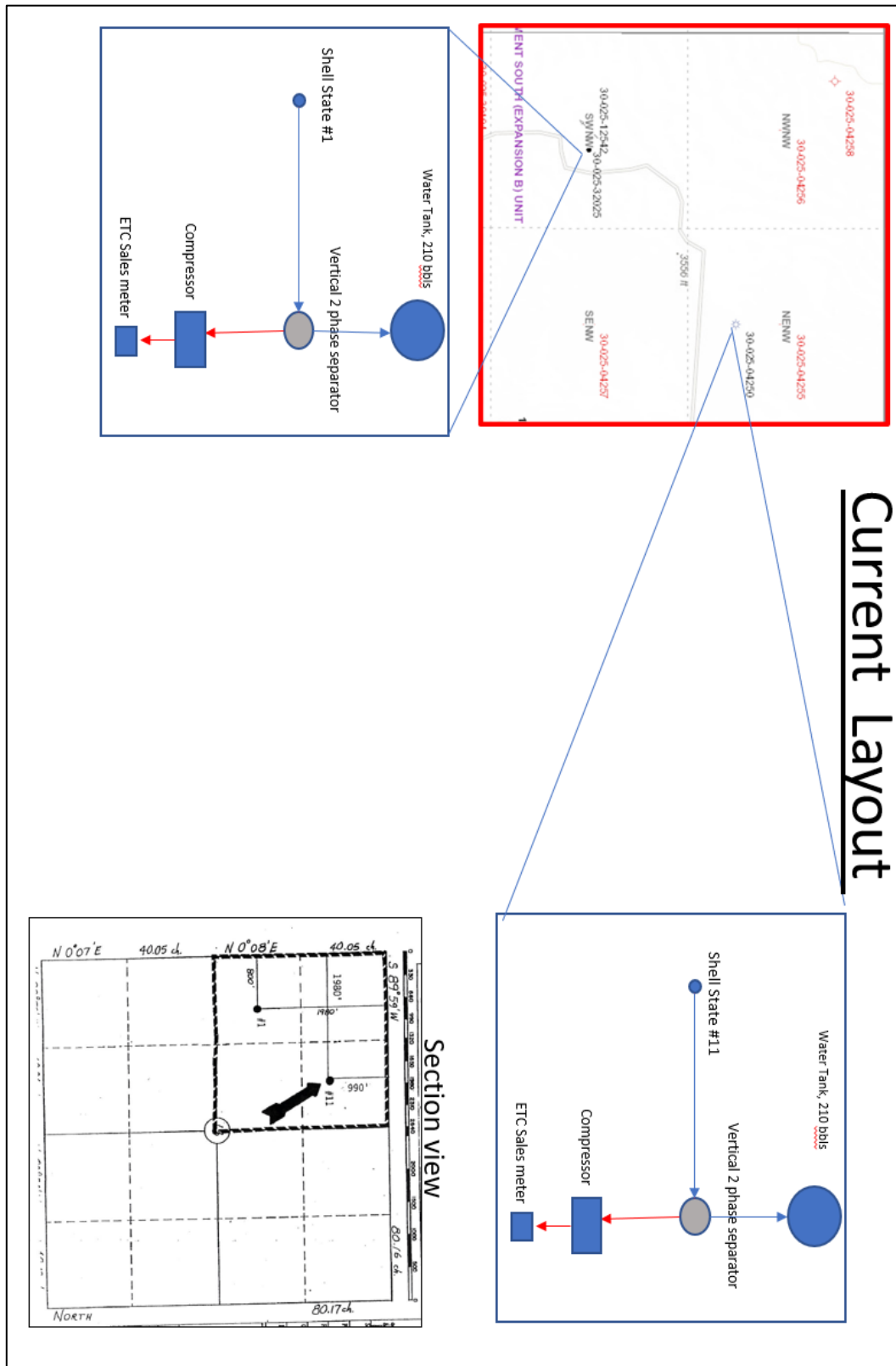
## Location Map

Location: Section 13 T 20S R 36 E

Lease: BO 1398 49: Covers both wells



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