

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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



**ADMINISTRATIVE APPLICATION CHECKLIST**

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

<b>Applicant:</b> <u>FAE II Operating, LLC</u>	<b>OGRID Number:</b> <u>329326</u>
<b>Well Name:</b> <u>Arnott Ramsay NCT-B #8</u>	<b>API:</b> <u>30-025-26280</u>
<b>Pool:</b> <u>Jalmat (Oil)</u>	<b>Pool Code:</b> <u>33820</u>

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

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location – Spacing Unit – Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]
- [ I ] Commingling – Storage – Measurement  
 DHC     CTB     PLC     PC     OLS     OLM
- [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
- A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required

FOR OCD ONLY
<input type="checkbox"/> Notice Complete
<input type="checkbox"/> 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

11/23/2020  
 Date

Signature

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

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

Form C-107A  
Revised August 1, 2011

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC

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

Operator **Arnott Ramsay NCT-B** Address **N-32-25S-37E** **Lea**

Lease **329326** Well No. **326919** Unit Letter-Section-Township-Range **30-02S-26280** County **X**  
OGRID No. \_\_\_\_\_ Property Code \_\_\_\_\_ API No. \_\_\_\_\_ Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>Jalmat</i>		<i>Langlie Mattix</i>
Pool Code	<i>33820</i>		<i>37240</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<i>2,735' - 3,260'</i>		<i>3,337' - 3,570'</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 <small>(Degree API or Gas BTU)</small>	<i>35 API</i>		<i>35 API</i>
Producing, Shut-In or New Zone	<i>Producing</i>		<i>Producing</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>19 %</i> Gas <i>86 %</i>	Oil % Gas %	Oil <i>81 %</i> Gas <i>14 %</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 \_\_\_\_\_

NMOC 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 11/23/20  
 TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 241-8080  
 E-MAIL ADDRESS Marshall@FAEnergyus.com

# fae II operating

November 20, 2020

**VIA ONLINE FILING**

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

**Re: Application of FAE II Operating, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Langlie Mattix Pool for the Arnott Ramsay NCT-B #8 well located in Sec. 32, T-25S, R-37E, Lea County, New Mexico**

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for downhole commingling of oil and gas production from the Langlie Mattix Pool for its Arnott Ramsay NCT-B #8 well located in Unit Letter N, Section 32, T-25S, R-37E, 660 feet FSL and 1,980 feet FWL, as shown in the attached C-102's for each zone.

The Arnott Ramsay NCT-B #8 is currently open to the Yates-Seven Rivers-Queen zone, which translates to both the JALMAT; TAN-YATES-7 RVRs pool [Pool ID: 79240]. The production curve for this zone is shown in Exhibit A. To develop a production forecast, a decline curve was utilized based on the well's historical production within the zone.

The other zone that has production history in the Arnott Ramsay NCT-B #8 is the Seven Rivers-Queen, which translates to the LANGLEIE MATTIX; 7 RVRs-Q-GRAYBURG [Pool ID: 37240]. To develop a production forecast, four (4) surrounding wells with historical production from the Seven Rivers-Queen were used as an offset by taking the average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit B. From there, a decline curve was utilized based on the aforementioned historical production. Furthermore, Geology studied an Arnott Ramsay NCT-B #8 log, Attachment A, and also correlated it with other logs in the surrounding area to help determine the location of the new perforations in the Seven Rivers-Queen zone for the Arnott Ramsay NCT-B #8.

Overall, the forecast for the proposed downhole commingled production was formed by combining the forecasts for both zones, as shown in the Synthetic Decline Curve column of Exhibit D. This forecast for the Arnott Ramsay NCT-B #8 proved that an IP of 6.5 BOPD and 49 MCFPD is the expected total, and of that, 5.2 BOPD and 6 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 1.3 BOPD and 43 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,



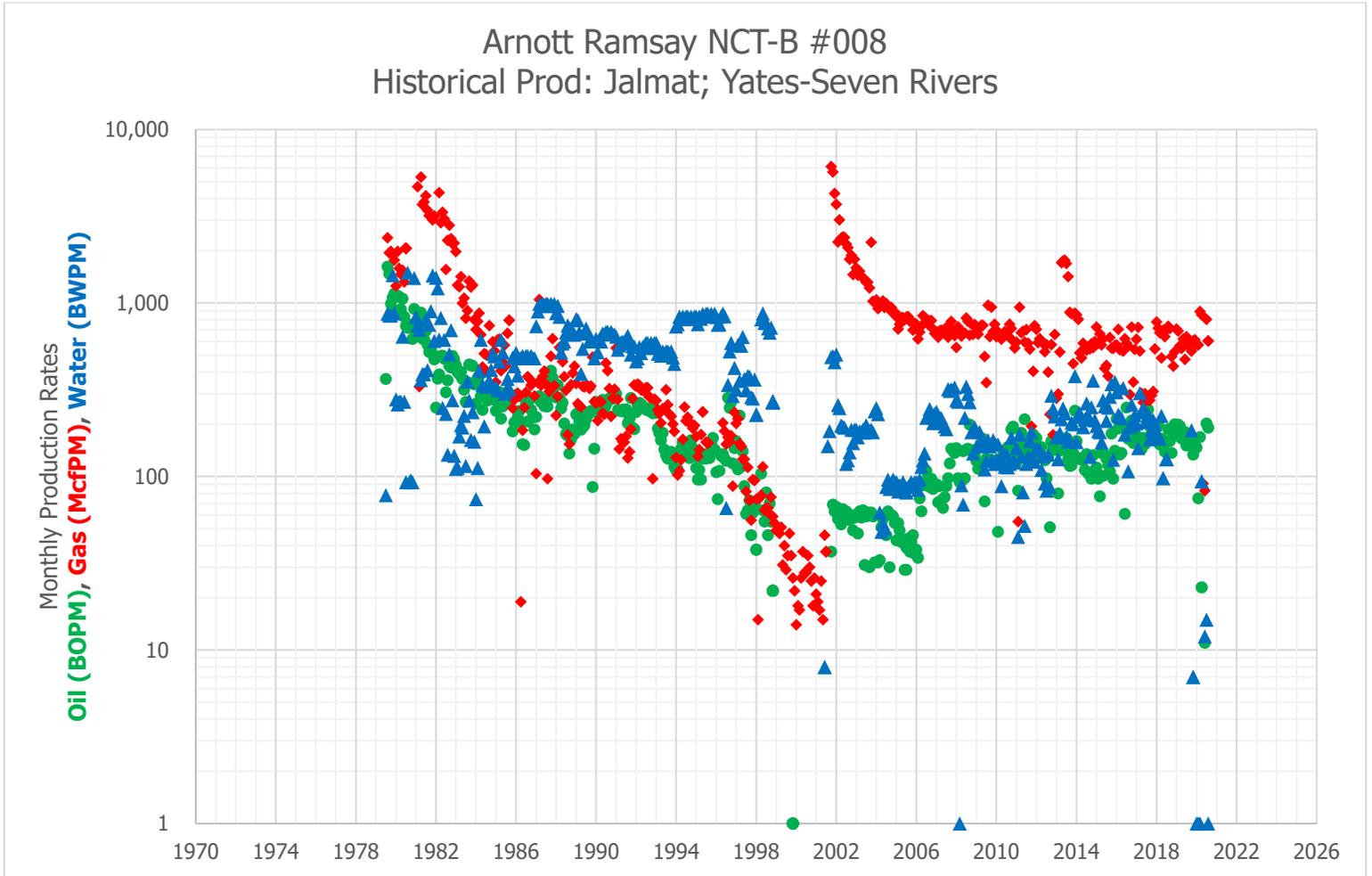
FAE II Operating, LLC

Received by OCD: 11/23/2020 5:18:36 PM

Released to Imaging: 1/25/2021 1:22:22 PM

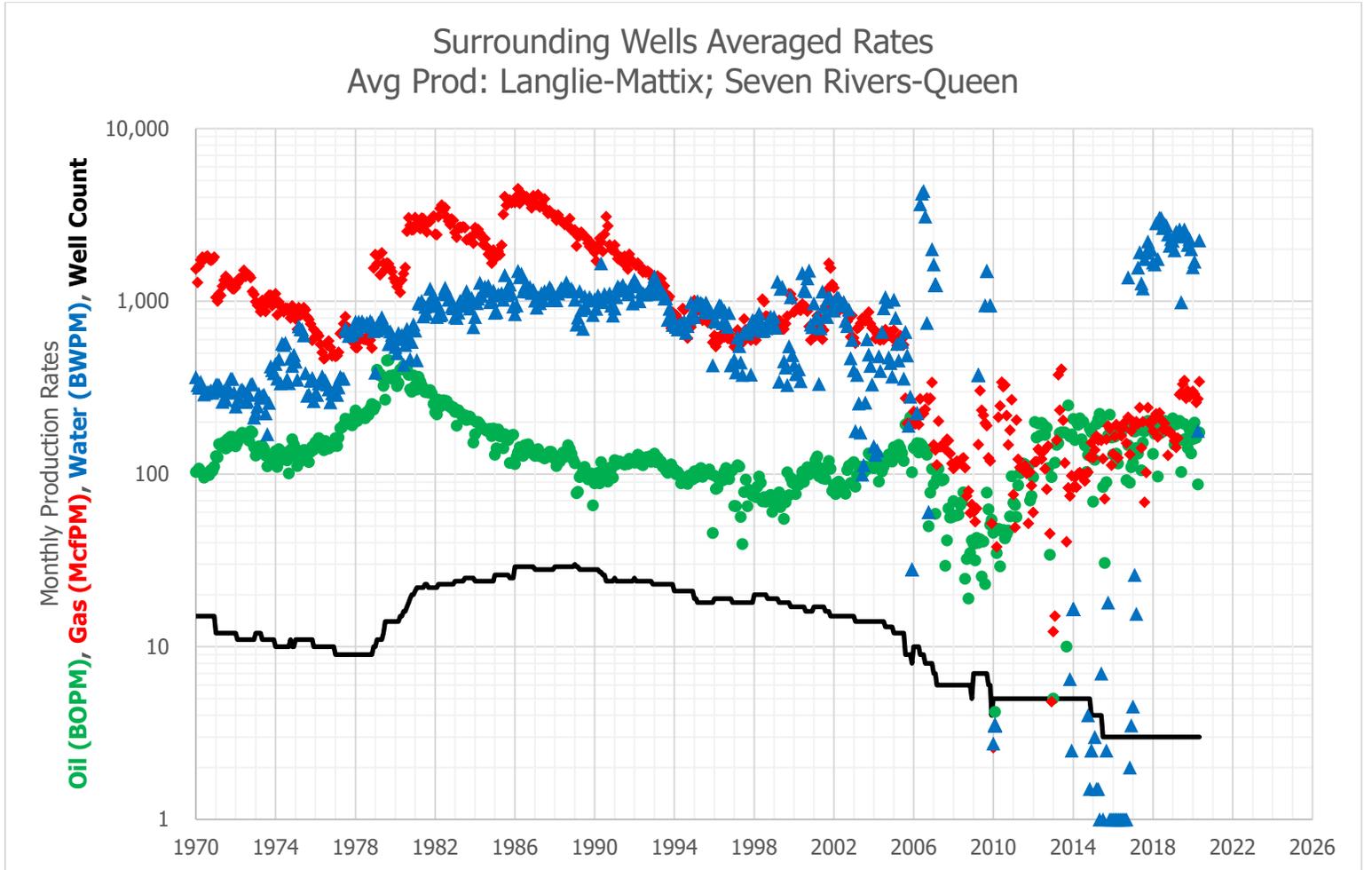
# faeIIoperating

## Exhibit A – Historical and Forecast Production in the Current Zone



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



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## Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates					Arnett Ramsay NCT-B #008				Synthetic Decline Curve			
Avg Prod: Langlie-Mattix; Seven Rivers-Queen					Historical Prod: Jalmat; 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)
1/1/2015	69	124	-	4	1/1/2015	113	726	196	1	198.9	1,489	1,345
2/1/2015	121	138	3	4	2/1/2015	97	585	183	2	197.9	1,485	1,340
3/1/2015	195	166	2	4	3/1/2015	77	665	180	3	197.0	1,482	1,336
4/1/2015	208	157	2	4	4/1/2015	137	574	157	4	196.0	1,478	1,331
5/1/2015	223	160	1	4	5/1/2015	101	621	276	5	195.1	1,474	1,327
6/1/2015	202	156	7	4	6/1/2015	134	420	255	6	194.2	1,471	1,323
7/1/2015	84	122	1	3	7/1/2015	127	437	209	7	193.2	1,467	1,318
8/1/2015	31	72	1	3	8/1/2015	117	379	250	8	192.3	1,463	1,314
9/1/2015	90	159	3	3	9/1/2015	107	632	288	9	191.4	1,460	1,310
10/1/2015	168	189	18	3	10/1/2015	177	551	341	10	190.5	1,456	1,305
11/1/2015	221	182	1	3	11/1/2015	97	549	125	11	189.6	1,452	1,301
12/1/2015	163	112	1	3	12/1/2015	141	570	351	12	188.7	1,449	1,297
1/1/2016	130	130	1	3	1/1/2016	215	574	306	13	187.8	1,445	1,293
2/1/2016	165	165	1	3	2/1/2016	189	705	227	14	186.9	1,442	1,288
3/1/2016	131	193	1	3	3/1/2016	134	539	222	15	186.0	1,438	1,284
4/1/2016	115	124	1	3	4/1/2016	137	316	217	16	185.1	1,434	1,280
5/1/2016	184	183	1	3	5/1/2016	199	528	324	17	184.2	1,431	1,276
6/1/2016	174	166	1	3	6/1/2016	61	624	175	18	183.3	1,427	1,272
7/1/2016	187	185	1	3	7/1/2016	250	586	-	19	182.5	1,424	1,267
8/1/2016	189	199	1	3	8/1/2016	165	565	107	20	181.6	1,420	1,263
9/1/2016	92	151	1	3	9/1/2016	168	297	193	21	180.7	1,417	1,259
10/1/2016	147	213	1,375	3	10/1/2016	211	727	259	22	179.8	1,413	1,255
11/1/2016	89	129	2	3	11/1/2016	156	350	199	23	179.0	1,409	1,251
12/1/2016	110	177	4	3	12/1/2016	171	540	226	24	178.1	1,406	1,247
1/1/2017	116	200	5	3	1/1/2017	172	618	202	25	177.3	1,402	1,243
2/1/2017	176	191	26	3	2/1/2017	161	724	146	26	176.4	1,399	1,238
3/1/2017	142	201	16	3	3/1/2017	160	529	303	27	175.6	1,395	1,234
4/1/2017	131	194	1,566	3	4/1/2017	144	301	235	28	174.8	1,392	1,230
5/1/2017	180	242	1,919	3	5/1/2017	167	267	249	29	173.9	1,389	1,226
6/1/2017	105	141	1,271	3	6/1/2017	154	300	206	30	173.1	1,385	1,222
7/1/2017	152	201	1,185	3	7/1/2017	222	277	206	31	172.3	1,382	1,218
8/1/2017	177	69	1,758	3	8/1/2017	243	277	227	32	171.4	1,378	1,214
9/1/2017	198	102	1,911	3	9/1/2017	195	276	164	33	170.6	1,375	1,210
10/1/2017	203	242	2,216	3	10/1/2017	177	294	186	34	169.8	1,371	1,206
11/1/2017	203	196	2,040	3	11/1/2017	173	310	212	35	169.0	1,368	1,202
12/1/2017	184	205	1,986	3	12/1/2017	177	544	201	36	168.2	1,364	1,198
1/1/2018	131	177	1,675	3	1/1/2018	191	777	181	37	167.4	1,361	1,194
2/1/2018	171	206	1,633	3	2/1/2018	199	717	171	38	166.6	1,358	1,190
3/1/2018	196	223	2,831	3	3/1/2018	153	674	166	39	165.8	1,354	1,187
4/1/2018	97	163	1,752	3	4/1/2018	166	482	224	40	165.0	1,351	1,183
5/1/2018	203	226	3,039	3	5/1/2018	163	699	98	41	164.2	1,347	1,179
6/1/2018	173	206	3,026	3	6/1/2018	139	641	-	42	163.4	1,344	1,175
7/1/2018	187	181	2,651	3	7/1/2018	158	698	126	43	162.6	1,341	1,171
8/1/2018	203	196	2,795	3	8/1/2018	188	735	-	44	161.9	1,337	1,167
9/1/2018	192	178	2,745	3	9/1/2018	160	713	-	45	161.1	1,334	1,163
10/1/2018	183	128	2,438	3	10/1/2018	137	492	-	46	160.3	1,331	1,160
11/1/2018	202	177	2,092	3	11/1/2018	173	433	-	47	159.5	1,327	1,156
12/1/2018	187	171	2,294	3	12/1/2018	200	524	-	48	158.8	1,324	1,152
1/1/2019	210	168	2,240	3	1/1/2019	173	708	-	49	158.0	1,321	1,148
2/1/2019	148	156	1,971	3	2/1/2019	199	690	-	50	157.3	1,317	1,144
3/1/2019	194	142	2,528	3	3/1/2019	196	567	-	51	156.5	1,314	1,141
4/1/2019	198	161	2,436	3	4/1/2019	166	549	-	52	155.8	1,311	1,137
5/1/2019	203	288	2,609	3	5/1/2019	164	622	-	53	155.0	1,308	1,133
6/1/2019	103	295	986	3	6/1/2019	181	473	-	54	154.3	1,304	1,129
7/1/2019	157	330	2,371	3	7/1/2019	151	641	-	55	153.5	1,301	1,126
8/1/2019	195	348	2,602	3	8/1/2019	165	577	-	56	152.8	1,298	1,122
9/1/2019	160	274	2,403	3	9/1/2019	164	557	-	57	152.1	1,295	1,118
10/1/2019	141	302	2,120	3	10/1/2019	162	529	185	58	151.4	1,291	1,115
11/1/2019	181	281	2,293	3	11/1/2019	134	608	7	59	150.6	1,288	1,111
12/1/2019	132	294	2,000	3	12/1/2019	152	613	-	60	149.9	1,285	1,107
1/1/2020	159	301	1,572	3	1/1/2020	147	579	1				
2/1/2020	198	290	1,693	3	2/1/2020	75	574	1				
3/1/2020	162	259	1	3	3/1/2020	169	895	1				
4/1/2020	87	272	178	3	4/1/2020	23	854	94				
5/1/2020	174	342	2,248	3	5/1/2020	-	91	-				
					6/1/2020	11	83	12				

# faeIIoperating

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

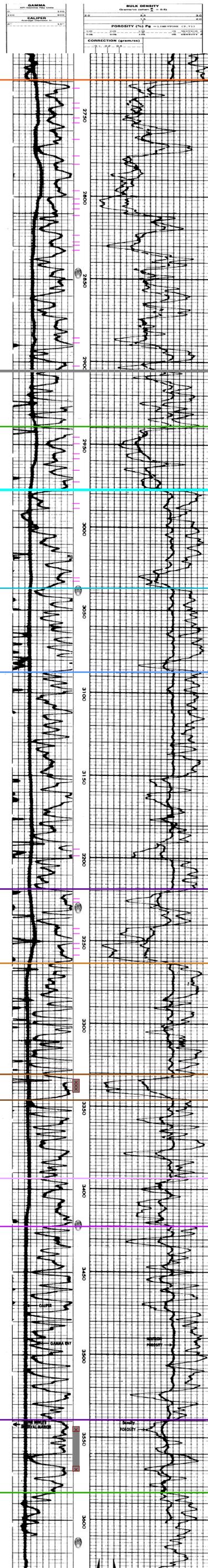
Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Jalmat	Yates-Seven Rivers	1.3	43	5
Langlie Mattix	Seven Rivers-Queen	5.2	6	40
	<b>Total</b>	<b>6.5</b>	<b>49</b>	<b>45</b>
Jalmat	Yates-Seven Rivers	19%	86%	11%
Langlie Mattix	Seven Rivers-Queen	81%	14%	89%
	<b>Total (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Attachment A - Well Log

3002526280000  
FAE II Operating LLC

**ARNOTT RAMSAY NCT-B 8**  
SPUD DATE - 4/26/1979  
T25S R37E S32

Subsea Depth(ft)  
275 -  
  
225 -  
  
175 -  
  
125 -  
  
75 -  
  
25 -  
  
-25 -  
  
-75 -  
  
-125 -  
  
-175 -  
  
-225 -  
  
-275 -  
  
-325 -  
  
-375 -  
  
-425 -  
  
-475 -  
  
-525 -  
  
-575 -  
  
-625 -



Subsea Depth(ft)  
- 275  
  
- 225  
  
- 175  
  
- 125  
  
- 75  
  
- 25  
  
- 25  
  
- 75  
  
- 125  
  
- 175  
  
- 225  
  
- 275  
  
- 325  
  
- 375  
  
- 425  
  
- 475  
  
- 525  
  
- 575  
  
- 625

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
811 South First, Artesia, NM 88210

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

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-26280		Pool Code 33820	Pool Name Jalmat (T-Y-7R) Oil
Property Code 326919	Property Name Arnott Ramsay NCT-B		Well Number 8
OGRID No. 329326	Operator Name FAE II Operating, LLC		Elevation 2979' GR

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
N	32	25S	37E		660'	South	1980'	West	Lea

Bottom Hole Location If Different From Surface

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

Dedicated Acres 40	Joint or Infill N	Consolidation Code	Order No.
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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				<p><b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>M Bates</i></p> <p>Signature Marshall Bates</p> <p>Printed Name Engineering Tech</p> <p>Title</p> <p>Date 11/23/20</p>	
	<p>Arnott Ramsay NCT-B #8 660' FSL &amp; 1980' FWL (N) Sec. 32, T-25-S, R-37-E</p>			<p><b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>	

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
811 South First, Artesia, NM 88210

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

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-26280		2 Pool Code 37240		3 Pool Name Langlie Mattix	
4 Property Code 326919		5 Property Name Arnott Ramsay NCT-B			6 Well Number 8
7 OGRID No. 329326		8 Operator Name FAE II Operating, LLC			9 Elevation 2979' GR

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
N	32	25S	37E		660'	South	1980'	West	Lea

11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acres 40	13 Joint or Infill N	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				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>M Bates</i></p> <p>Signature Marshall Bates</p> <p>Printed Name Engineering Tech</p> <p>Title</p> <p>Date 11/23/20</p>	
	<p>Arnott Ramsay NCT-B #8 660' FSL &amp; 1980' FWL (N) Sec. 32, T-25-S, R-37-E</p>			<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>	

**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Marshall Bates](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); [lisa@nwbyram.com](mailto:lisa@nwbyram.com); [Holm, Anchor E.](#); [Dawson, Scott](#)  
**Subject:** Approved Administrative Order DHC-5089  
**Date:** Monday, January 25, 2021 1:12:43 PM  
**Attachments:** [DHC5089 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5089 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Arnott Ramsay NCT B #8 well (30-025-26280).

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.

<b>Order: DHC-5089</b>				
<b>Operator: FAE II Operating, LLC</b>				
<b>Operator OGRID: 329326</b>				
<b>Well Name: Arnott Ramsay NCT B #8</b>				
<b>Well API: 30-025-26280</b>				
<b>Upper Zone</b>	<b>Pool Name:</b>	<b>JALMAT; TAN-YATES-7 RVRS (OIL)</b>		
	<b>Pool ID:</b>	<b>33820</b>	<b>Current:</b>	<b>X</b>
	<b>Allocation:</b>	<b>Fixed Percent</b>	<b>Oil:</b>	<b>19%</b>
<b>Intermediate Zone</b>	<b>Pool Name:</b>		<b>Current:</b>	<b>New:</b>
	<b>Pool ID:</b>		<b>Oil:</b>	<b>Gas:</b>
	<b>Allocation:</b>			
<b>Lower Zone</b>	<b>Pool Name:</b>	<b>LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG</b>		
	<b>Pool ID:</b>	<b>37240</b>	<b>Current:</b>	<b>New: X</b>
	<b>Allocation:</b>	<b>Fixed Percent</b>	<b>Oil:</b>	<b>81%</b>
			<b>Gas:</b>	<b>14%</b>

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-5089**

**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 (150) percent of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

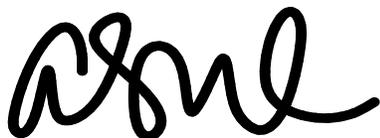
proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

- 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 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.
- 5. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL  
DIRECTOR**

AS/dm

**DATE:** 1/25/2021

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Exhibit A**

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Order: **DHC-5089**

Operator: **FAE II Operating, LLC**

Operator OGRID: **329326**

Well Name: **Arnott Ramsay NCT B #8**

Well API: **30-025-26280**

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

**Upper Zone**

Pool ID: **33820**

Current: **X**

New:

Allocation: **Fixed Percent**

Oil: **19%**

Gas: **86%**

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Pool Name:

**Intermediate Zone**

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

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Pool Name: **LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG**

**Lower Zone**

Pool ID: **37240**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **81%**

Gas: **14%**

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

CONDITIONS

Action 11300

**CONDITIONS OF APPROVAL**

Operator:	FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	OGRID:	329326	Action Number:	11300	Action Type:	C-107A
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OCD Reviewer	Condition
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.