

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

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Applicant: FAE II Operating, LLC **OGRID Number:** 329326
Well Name: Arnott Ramsay NCT-B #010 **API:** 30-025-26962
Pool: Jalmat **Pool Code:** 33820

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

Signature

1/12/2021
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-107A
Revised August 1, 2011

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

FAE II Operating, LLC 11757 Katy Fwy. Ste. 1000, Houston, TX 77079

Operator Arnott Ramsay NCT-B Address F-32-25S-37E Lea
10

Lease 329326 Well No. 326919 Unit Letter-Section-Township-Range 30-025-26962 County X
OGRID No. Property Code API No. Lease Type: Federal State Fee

Table with 4 columns: DATA ELEMENT, UPPER ZONE, INTERMEDIATE ZONE, LOWER ZONE. Rows include Pool Name (Jalmat, Langlie Mattix), Pool Code (33820, 37240), Top and Bottom of Pay Section (3,100-3,265', 3,265'-3,400'), Method of Production (Artificial Lift), Bottomhole Pressure, Oil Gravity or Gas BTU (35 API / 1.370 BTU), Producing, Shut-In or New Zone (Producing), Date and Oil/Gas/Water Rates of Last Production (See Attached), and Fixed Allocation Percentage (Oil 54%, Gas 88%, Oil %, Gas %, Oil 46%, Gas 12%).

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X 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 X No
Will commingling decrease the value of production? Yes No X
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 X No
NMOCD Reference Case No. applicable to this well: _____

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE M Bates TITLE Engineering Tech DATE 12/4/2020
TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 241-8080
E-MAIL ADDRESS Marshall@FAEnergy.us.com

fae II operating

December 9, 2020

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

Re: Arnott Ramsay NCT-B #010: API 30-025-26962
Jalmat Pool: 33820
Langlie Mattix Pool: 37240

Dear Mr. McClure:

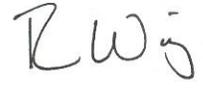
FAE II Operating LLC, as operator, will be filing applications with the New Mexico Oil Conservation Division for approval of the aforementioned commingling project. After a review of internal records, this letter serves as notice that the operator and interest owners are identical for the pools listed above.

If you have any questions, please feel free to contact the undersigned phone at (832) 219-0809 or by email at rebecca@faenergyus.com.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Rebecca Wing
Land

fae II operating

January 12, 2021

VIA ONLINE FILING

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

Re: Application of FAE II Operating, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Jalmat and Langlie Mattix Pools for the Arnott Ramsay NCT-B #10 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 Jalmat and Langlie Mattix Pools for its Arnott Ramsay NCT-B #10 well located in Unit Letter F, Section 32, T-25S, R-37E, 1,980 feet FNL and 1,980 feet FWL, as shown in the attached C-102's for each zone.

The Arnott Ramsay NCT-B #10 is currently open to the Yates-Seven Rivers interval, which translates to the JALMAT; TAN-YATES-7 RVRS pool [Pool ID: 33820]. The production curve for this interval is shown in Exhibit A. To develop a forecast for this zone, a decline curve was utilized based on the aforementioned historical production.

The zone that does not have production history in the Arnott Ramsay NCT-B #10 is the Seven Rivers-Queen, which translates to the LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG [Pool ID: 37240]. To develop a forecast for this zone, four (4) surrounding wells with production history from the Seven Rivers-Queen were used as an offset to prove up hole potential in the Arnott Ramsay NCT-B #10 by taking the historical average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit B. From there, a decline curve was utilized based on the aforementioned historical production.

Overall, the forecast for the proposed downhole commingled production was formed by combining the forecasts for both zones, as shown in the Synthetic Decline Curve column of Exhibit C. This forecast for the Arnott Ramsay NCT-B #10 proved that an IP of 11.9 BOPD and 57.5 MCFPD is the expected total, and of that, 5.2 BOPD and 6.4 MCFPD will come from the Seven Rivers-Queen zone. The Yates-Seven Rivers is projected to yield 6.7 BOPD and 51.1 MCFPD with the additional intervals that will be opened up. This information along with the percentage allocation across the zones is shown in Exhibit D.

After a review of internal records, the interest owners are identical for the aforementioned wells. As such, notification to the relevant parties of our intent to commingle production will not be necessary.

This proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. If there are further questions concerning this application, please feel free to contact the undersigned by email at marshall@faenergyus.com or by telephone at (832) 241-8080.

Very truly yours,



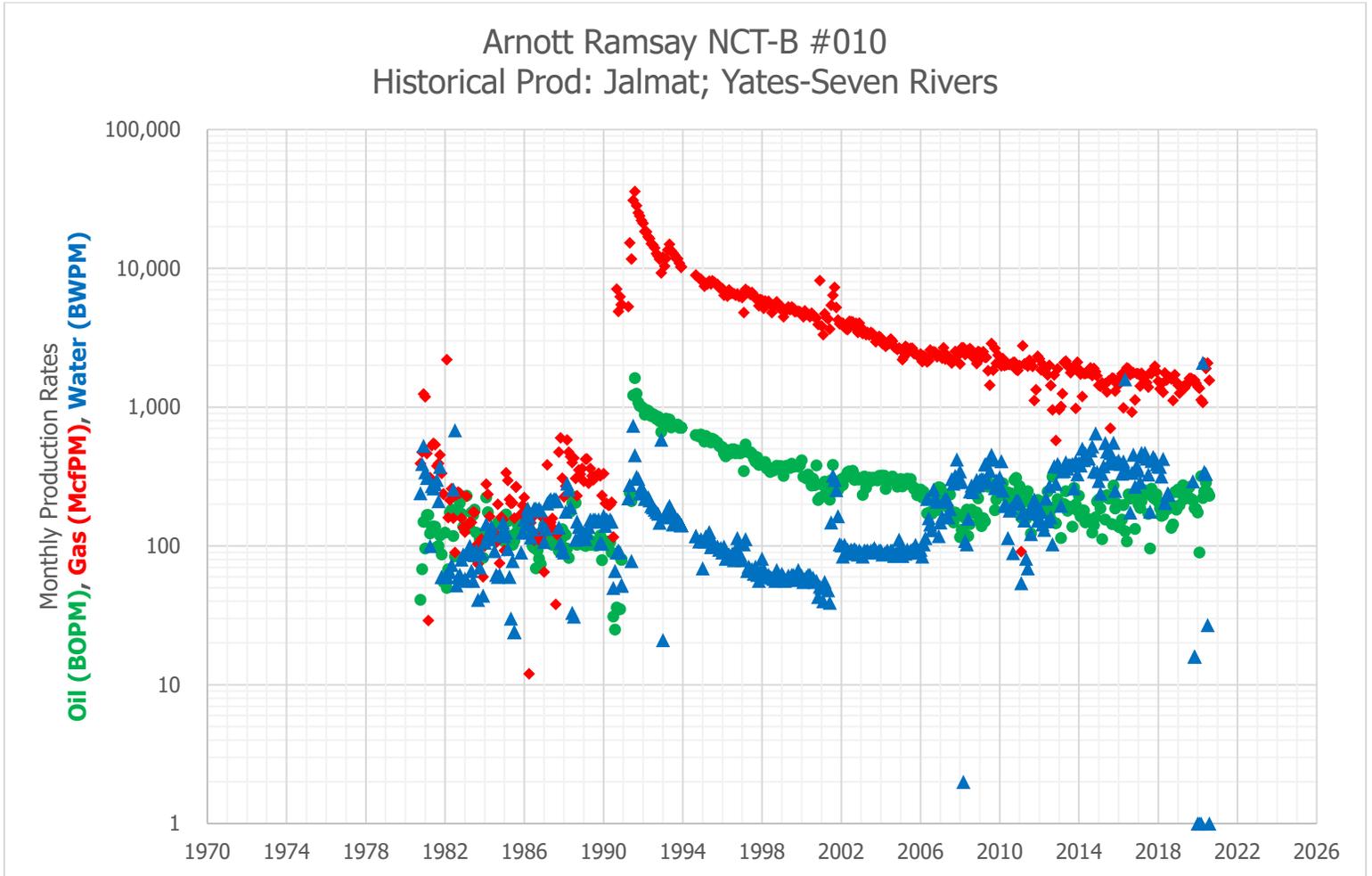
FAE II Operating, LLC

Received by OCD: 1/14/2021 10:39:12 AM

Released to Imaging: 1/25/2021 1:26:11 PM

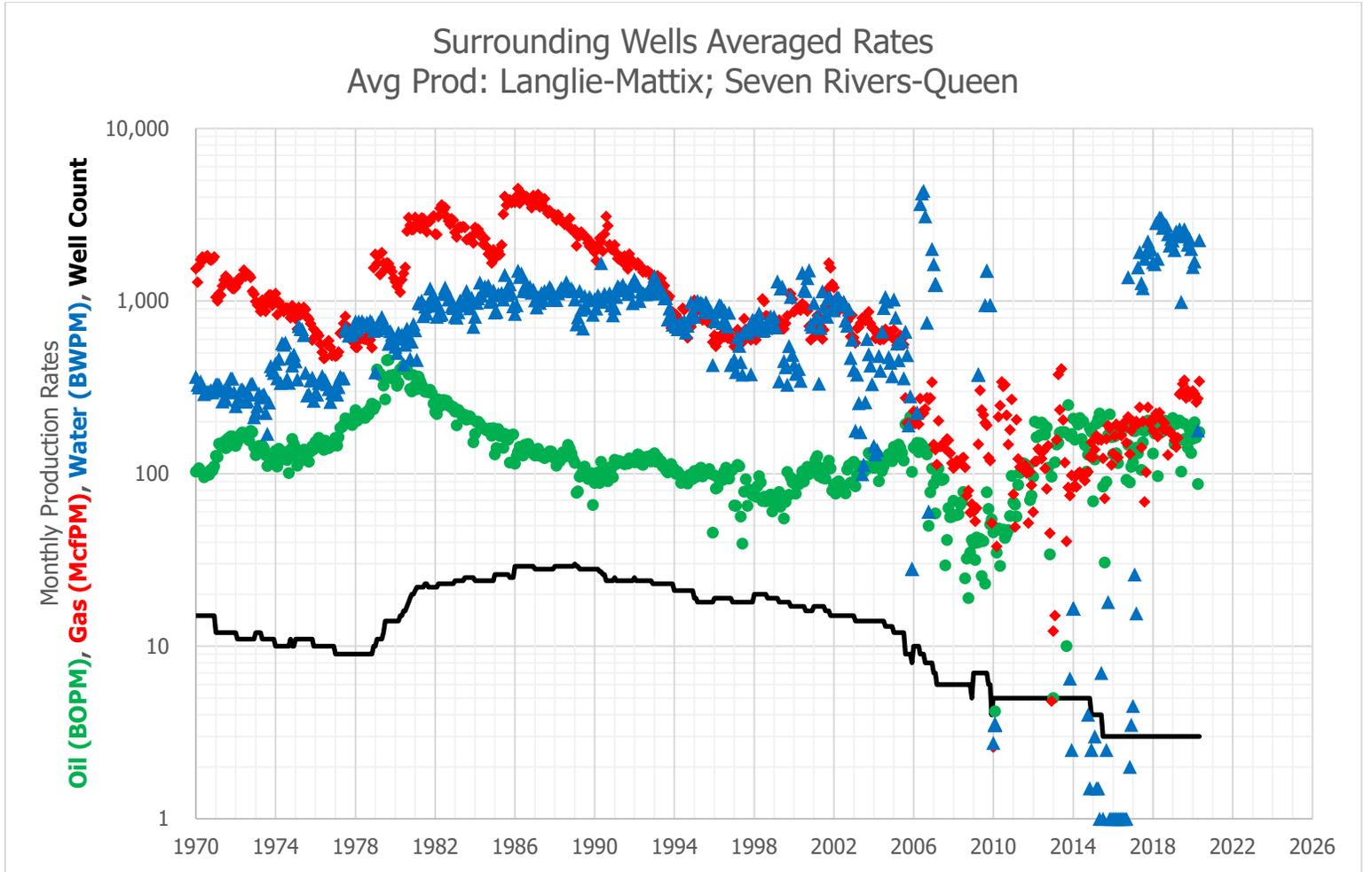
faeIIoperating

Exhibit A – Historical and Forecast Production in the Current Zone



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Exhibit B – Historical Average Production in the Proposed Zone



fae II operating

Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates					Arnett Ramsay NCT-B #010				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	216	1,438	294	1	362.9	1,749	1,478
2/1/2015	121	138	3	4	2/1/2015	186	1,411	239	2	361.2	1,745	1,473
3/1/2015	195	166	2	4	3/1/2015	112	1,497	330	3	359.4	1,741	1,468
4/1/2015	208	157	2	4	4/1/2015	228	1,437	376	4	357.7	1,736	1,463
5/1/2015	223	160	1	4	5/1/2015	155	1,484	552	5	356.0	1,732	1,458
6/1/2015	202	156	7	4	6/1/2015	232	1,287	479	6	354.3	1,728	1,454
7/1/2015	84	122	1	3	7/1/2015	219	1,542	393	7	352.6	1,723	1,449
8/1/2015	31	72	1	3	8/1/2015	224	703	468	8	350.9	1,719	1,444
9/1/2015	90	159	3	3	9/1/2015	144	1,617	434	9	349.3	1,715	1,439
10/1/2015	168	189	18	3	10/1/2015	272	1,616	555	10	347.6	1,710	1,435
11/1/2015	221	182	1	3	11/1/2015	186	1,303	249	11	345.9	1,706	1,430
12/1/2015	163	112	1	3	12/1/2015	202	1,478	401	12	344.3	1,702	1,425
1/1/2016	130	130	1	3	1/1/2016	138	1,454	412	13	342.6	1,698	1,420
2/1/2016	165	165	1	3	2/1/2016	136	1,633	389	14	341.0	1,693	1,416
3/1/2016	131	193	1	3	3/1/2016	155	1,739	332	15	339.4	1,689	1,411
4/1/2016	115	124	1	3	4/1/2016	197	990	407	16	337.7	1,685	1,406
5/1/2016	184	183	1	3	5/1/2016	128	1,719	1,591	17	336.1	1,681	1,402
6/1/2016	174	166	1	3	6/1/2016	108	1,922	347	18	334.5	1,677	1,397
7/1/2016	187	185	1	3	7/1/2016	235	1,889	-	19	332.9	1,672	1,393
8/1/2016	189	199	1	3	8/1/2016	219	1,714	174	20	331.3	1,668	1,388
9/1/2016	92	151	1	3	9/1/2016	234	921	337	21	329.7	1,664	1,384
10/1/2016	147	213	1,375	3	10/1/2016	225	1,768	455	22	328.2	1,660	1,379
11/1/2016	89	129	2	3	11/1/2016	133	1,128	268	23	326.6	1,656	1,374
12/1/2016	110	177	4	3	12/1/2016	224	1,746	377	24	325.0	1,652	1,370
1/1/2017	116	200	5	3	1/1/2017	200	1,737	349	25	323.5	1,647	1,365
2/1/2017	176	191	26	3	2/1/2017	188	1,421	288	26	321.9	1,643	1,361
3/1/2017	142	201	16	3	3/1/2017	210	1,754	469	27	320.4	1,639	1,356
4/1/2017	131	194	1,566	3	4/1/2017	230	1,604	441	28	318.9	1,635	1,352
5/1/2017	180	242	1,919	3	5/1/2017	251	1,651	467	29	317.3	1,631	1,348
6/1/2017	105	141	1,271	3	6/1/2017	244	1,501	426	30	315.8	1,627	1,343
7/1/2017	152	201	1,185	3	7/1/2017	170	1,393	328	31	314.3	1,623	1,339
8/1/2017	177	69	1,758	3	8/1/2017	96	1,772	177	32	312.8	1,619	1,334
9/1/2017	198	102	1,911	3	9/1/2017	259	1,745	410	33	311.3	1,615	1,330
10/1/2017	203	242	2,216	3	10/1/2017	224	1,837	438	34	309.8	1,611	1,326
11/1/2017	203	196	2,040	3	11/1/2017	218	1,970	422	35	308.3	1,607	1,321
12/1/2017	184	205	1,986	3	12/1/2017	236	1,806	387	36	306.9	1,603	1,317
1/1/2018	131	177	1,675	3	1/1/2018	207	1,536	376	37	305.4	1,599	1,313
2/1/2018	171	206	1,633	3	2/1/2018	186	1,352	371	38	303.9	1,595	1,308
3/1/2018	196	223	2,831	3	3/1/2018	165	1,478	317	39	302.5	1,591	1,304
4/1/2018	97	163	1,752	3	4/1/2018	167	1,279	424	40	301.0	1,587	1,300
5/1/2018	203	226	3,039	3	5/1/2018	189	1,763	205	41	299.6	1,583	1,295
6/1/2018	173	206	3,026	3	6/1/2018	183	1,564	-	42	298.2	1,579	1,291
7/1/2018	187	181	2,651	3	7/1/2018	185	1,604	237	43	296.7	1,575	1,287
8/1/2018	203	196	2,795	3	8/1/2018	196	1,640	-	44	295.3	1,571	1,283
9/1/2018	192	178	2,745	3	9/1/2018	135	1,594	-	45	293.9	1,567	1,278
10/1/2018	183	128	2,438	3	10/1/2018	143	1,118	-	46	292.5	1,563	1,274
11/1/2018	202	177	2,092	3	11/1/2018	245	1,718	-	47	291.1	1,559	1,270
12/1/2018	187	171	2,294	3	12/1/2018	183	1,517	-	48	289.7	1,555	1,266
1/1/2019	210	168	2,240	3	1/1/2019	255	1,438	-	49	288.3	1,551	1,262
2/1/2019	148	156	1,971	3	2/1/2019	197	1,262	-	50	287.0	1,548	1,258
3/1/2019	194	142	2,528	3	3/1/2019	238	1,396	-	51	285.6	1,544	1,253
4/1/2019	198	161	2,436	3	4/1/2019	274	1,404	-	52	284.2	1,540	1,249
5/1/2019	203	288	2,609	3	5/1/2019	218	1,371	-	53	282.9	1,536	1,245
6/1/2019	103	295	986	3	6/1/2019	246	1,470	-	54	281.5	1,532	1,241
7/1/2019	157	330	2,371	3	7/1/2019	258	1,472	-	55	280.2	1,528	1,237
8/1/2019	195	348	2,602	3	8/1/2019	266	1,615	-	56	278.8	1,525	1,233
9/1/2019	160	274	2,403	3	9/1/2019	218	1,616	-	57	277.5	1,521	1,229
10/1/2019	141	302	2,120	3	10/1/2019	213	1,577	292	58	276.2	1,517	1,225
11/1/2019	181	281	2,293	3	11/1/2019	187	1,571	16	59	274.8	1,513	1,221
12/1/2019	132	294	2,000	3	12/1/2019	185	1,488	-	60	273.5	1,509	1,217
1/1/2020	159	301	1,572	3	1/1/2020	174	1,410	1				
2/1/2020	198	290	1,693	3	2/1/2020	90	1,368	1				
3/1/2020	162	259	1	3	3/1/2020	318	1,130	1				
4/1/2020	87	272	178	3	4/1/2020	222	1,079	2,093				
5/1/2020	174	342	2,248	3	5/1/2020	247	2,083	341				
					6/1/2020	286	1,899	330				

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Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Jalmat	Yates-Seven Rivers	6.7	51.1	9.0
Langlie Mattix	Seven Rivers-Queen	5.2	6.4	39.6
	Total	11.9	57.5	48.6
Jalmat	Yates-Seven Rivers	54%	88%	17%
Langlie Mattix	Seven Rivers-Queen	46%	12%	83%
	Total (%)	100%	100%	100%

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

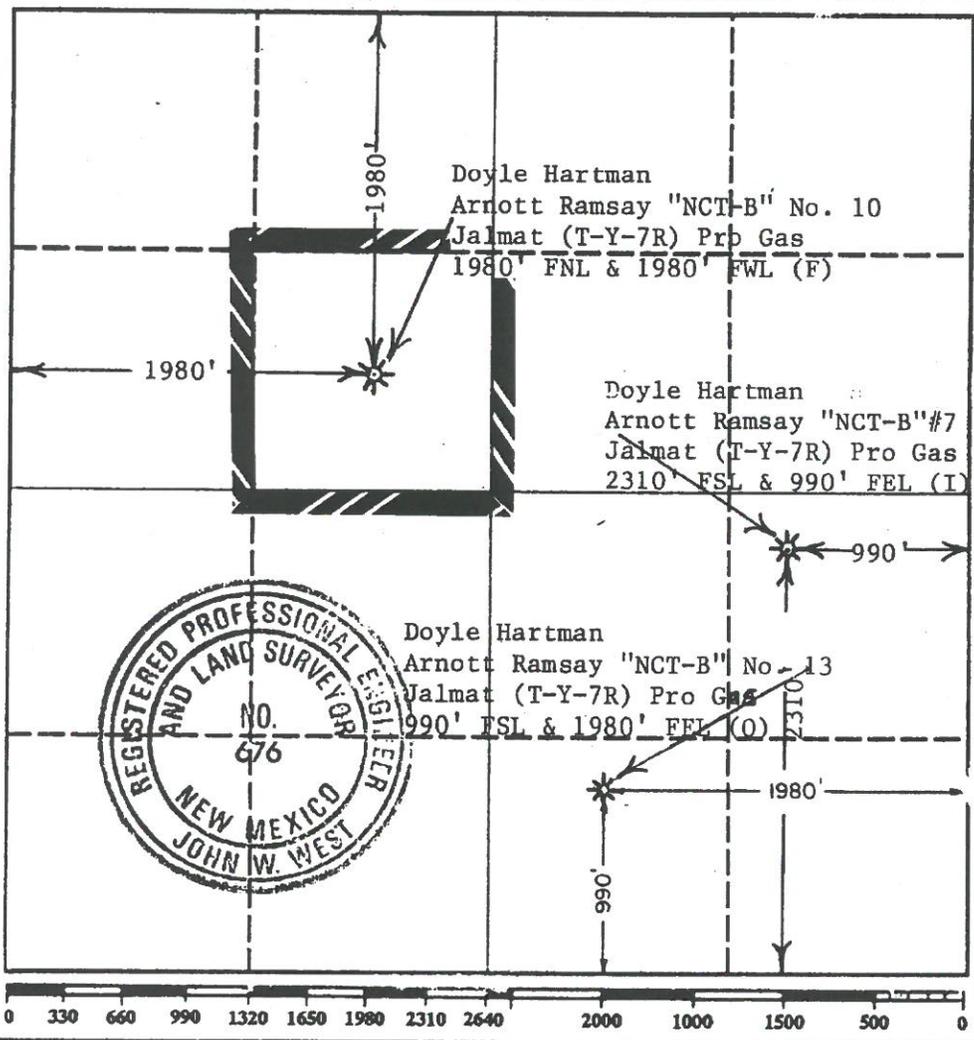
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Operator FAE II Operating LLC		Lease Arnott Ramsay "NCT-B"		Well No. 10
Unit Letter F	Section 32	Township 25 South	Range 37 East	County Lea
Actual Footage Location of Well: 1980 feet from the North line and 1980 feet from the West line				
Ground level Elev. 2995.8	Producing Formation Yates-Seven Rivers	Pool Jalmat (T-Y-7R) Oil	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *M. Bates*
Printed Name: Marshall Bates
Position: Engineering Tech
Company: FAE II Operating LLC
Date: 12/4/2020

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: August 12, 1989
Signature & Seal of Professional Surveyor: *John W. West*

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

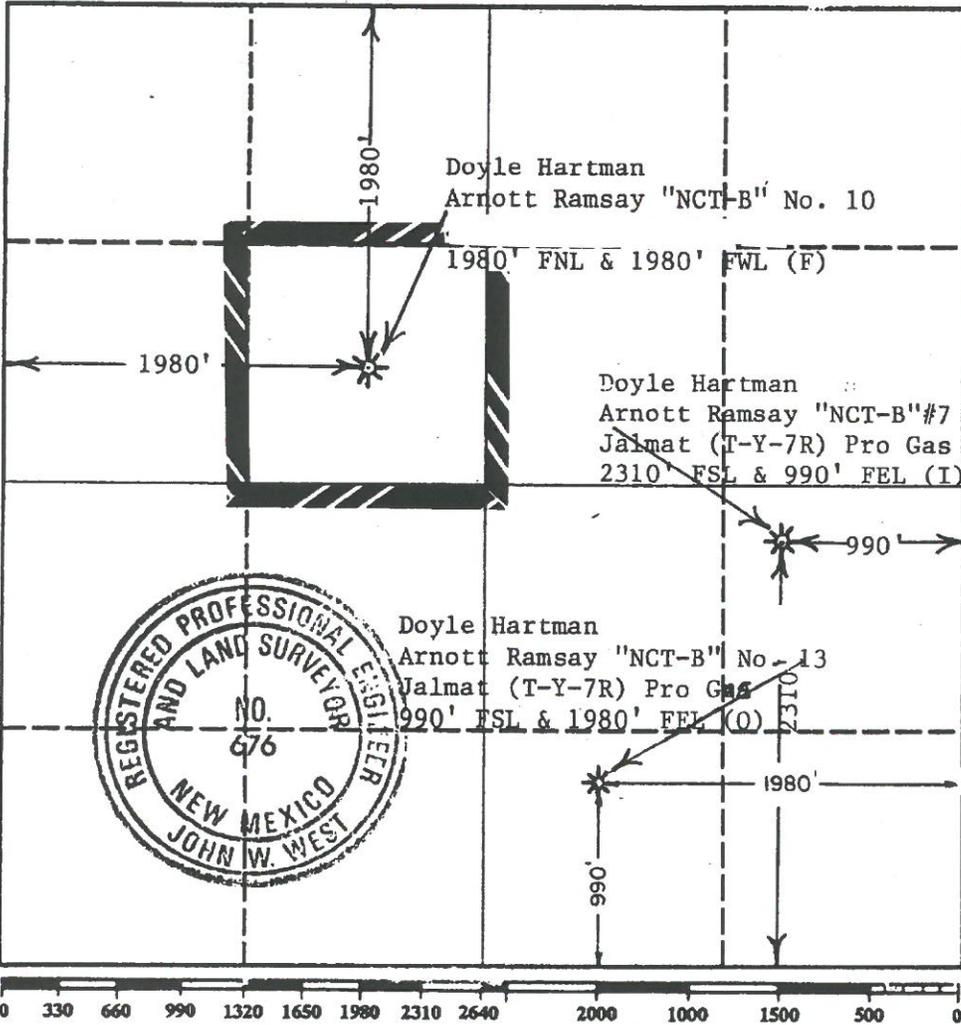
Operator FAE II Operating LLC		Lease Arnott Ramsay "NCT-B"		Well No. 10
Unit Letter F	Section 32	Township 25 South	Range 37 East	County Lea
Actual Footage Location of Well: 1980 feet from the North line and 1980 feet from the West line				
Ground level Elev. 2995.8	Producing Formation Yates-Seven Rivers	Pool Langlie Mattix	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *M. Bates*
Printed Name: **Marshall Bates**
Position: **Engineering Tech**
Company: **FAE II Operating LLC**
Date: **12/4/2020**

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **August 12, 1989**
Signature & Seal of Professional Surveyor: *John W. West*
Certificate No. **JOHN W. WEST, 676**
RONALD J. EIDSON, 3239

From: [Engineer, OCD, EMNRD](#)
 To: [Marshall Bates](#)
 Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); lisa@rwbyram.com; [Holm, Anchor E.](#); [Dawson, Scott](#)
 Subject: Approved Administrative Order DHC-5109
 Date: Monday, January 25, 2021 1:09:32 PM
 Attachments: [DHC5109_Order.pdf](#)

NMOCD has issued Administrative Order DHC-5109 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Arnott Ramsay NCT B #10 well (30-025-26962).

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.

Order: DHC-5109				
Operator: FAE II Operating, LLC (329326)				
Well Name: Arnott Ramsay NCT B #10				
Well API: 30-025-26962				
Pool				
Upper Zone	Name:	JALMAT; TAN-YATES-7 RVRS (OIL)		
	Pool ID:	33820	Current: X	New:
	Allocation:	Fixed Percent	Oil: 54%	Gas: 88%
	Interval:	Perforations	Top: 3,100	Bottom: 3,265
Pool				
Intermediate Zone	Name:		Current:	New:
	Pool ID:		Oil:	Gas:
	Allocation:		Top:	Bottom:
	Interval:		Bottom of Interval within 150% of Upper Zone's Top of Interval:	
Pool				
Lower Zone	Name:	LANGLIE MATTIX;7 RVRS-Q-GRAYBURG		
	Pool ID:	37240	Current:	New: X
	Allocation:	Fixed Percent	Oil: 46%	Gas: 12%
	Interval:	Perforations	Top: 3,265	Bottom: 3,400
Bottom of Interval within 150% of Upper Zone's Top of Interval:				
Interval: YES				

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-5109

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

Exhibit A

Order: **DHC-5109**

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

Well Name: **Arnott Ramsay NCT B #10**

Well API: **30-025-26962**

Upper Zone	Pool Name: JALMAT; TAN-YATES-7 RVRS (OIL)		
	Pool ID: 33820	Current: X	New:
	Allocation: Fixed Percent	Oil: 54%	Gas: 88%
	Interval: Perforations	Top: 3,100	Bottom: 3,265

Intermediate Zone	Pool Name:		
	Pool ID:	Current:	New:
	Allocation:	Oil:	Gas:
	Interval:	Top:	Bottom:

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

Lower Zone	Pool Name: LANGLIE MATTIX;7 RVRS-Q-GRAYBURG		
	Pool ID: 37240	Current:	New: X
	Allocation: Fixed Percent	Oil: 46%	Gas: 12%
	Interval: Perforations	Top: 3,265	Bottom: 3,400

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

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 14704

CONDITIONS OF APPROVAL

Operator:	FAE II OPERATING LLC	11757 Katy Freeway, Suite 1000	Houston, TX77079	OGRID:	329326	Action Number:	14704	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.