

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

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

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

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

District I
1625 N. French Drive, Hobbs, NM 88240
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 Address
Rhodes Federal Unit 98 B-09-26S-37E Lea

Lease Well No. Unit Letter-Section-Township-Range County
329326 326344 30-025-37514 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 (Rhodes, Leonard), Pool Code (83810, 38760), Top and Bottom of Pay Section (2,725 - 3,331', 3,342 - 3,370), Method of Production (Artificial Lift), Bottomhole Pressure, Oil Gravity or Gas BTU (35.0 API / 1.197 BTU), Producing, Shut-In or New Zone (Producing, New Zone), Date and Oil/Gas/Water Rates of Last Production (See Attached), and Fixed Allocation Percentage (Oil 0%, Gas 30%; Oil 100%, Gas 70%).

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 MBates TITLE Engineering Tech DATE 6/24/2021
TYPE OR PRINT NAME Marshall Bates TELEPHONE NO. (832) 706 - 0041
E-MAIL ADDRESS Marshall@FAEnergyus.com

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June 21, 2021

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

Re: Rhodes Federal Unit #098: API 30-025-37514
Rhodes Pool: 83810
Leonard Pool: 38760

Dear Mr. McClure:

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

If you have any questions, please feel free to contact the undersigned phone at (832) 220-9188 or by email at steven@faenergyus.com.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Steven Lehrbass
Land

fae II operating

June 22, 2021

VIA ONLINE FILING

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

Re: Application of FAE II Operating, LLC for Administrative Approval to Downhole Commingle and Sell Oil and Gas Production from the Rhodes and Leonard Pools for the Rhodes Federal Unit #98 well located in Sec. 9, T-26S, R-37E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for downhole commingling of oil and gas production from the Rhodes and Leonard Pools for its Rhodes Federal Unit #98 well located in Unit Letter B, Section 9, T-26S, R-37E, 660 feet FNL and 1650 feet FEL, as shown in the attached C-102's for each zone.

Rhodes Federal Unit #98 is currently open to the Yates-Seven Rivers interval, which translates to the RHODES; YATES-SEVEN RIVERS (GAS) [Pool ID: 83810]. The production curve for this interval is shown in Exhibit A. To develop a forecast for this zone, a decline curve was utilized based on the aforementioned historical production.

The zone that does not have production history in the Rhodes Federal Unit #96 is the Queen, which translates to the LEONARD; QUEEN, SOUTH [Pool ID: 38760]. To develop a forecast for this zone, four (4) surrounding wells with production history from the Queen were used as an offset to prove up hole potential in the Rhodes Federal Unit #98 by taking the historical average of the oil, gas, and water production. The resulting historical average production curve for this interval is shown in Exhibit B. From there, a decline curve was utilized based on the aforementioned historical production.

Overall, the forecast for the proposed downhole commingled production was formed by combining the forecasts for both zones, as shown in the Synthetic Decline Curve column of Exhibit C. This forecast proved that an IP of 4.7 BOPD and 44.0 MCFPD is the expected total, and of that, 4.7 BOPD and 30.7 MCFPD will come from the Queen zone. The Yates-Seven Rivers is projected to yield 0.0 BOPD and 13.3 MCFPD with the additional intervals that will be opened up. This information along with the percentage allocation across the zones is shown in Exhibit D.

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

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

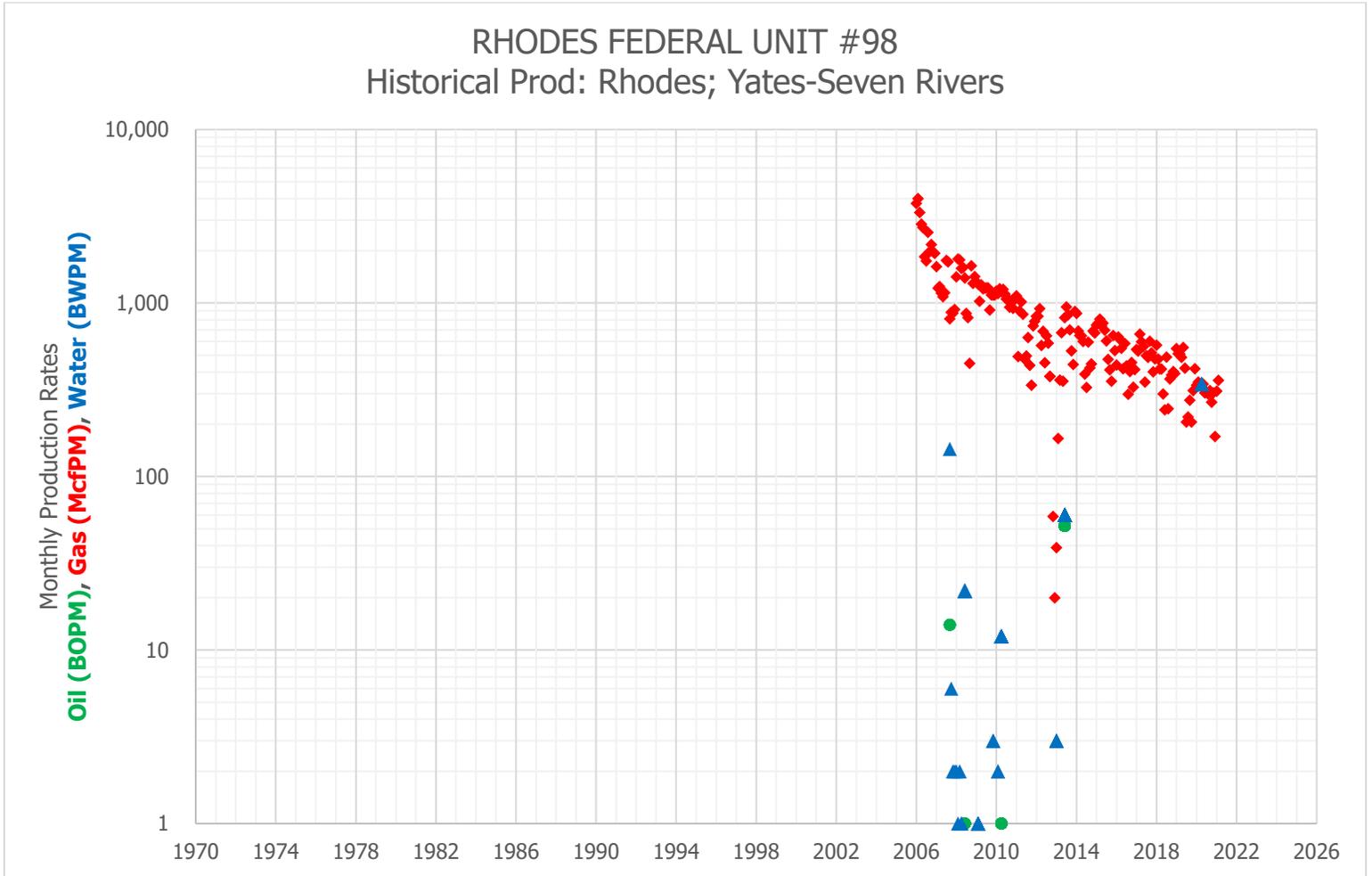
Very truly yours,



FAE II Operating, LLC

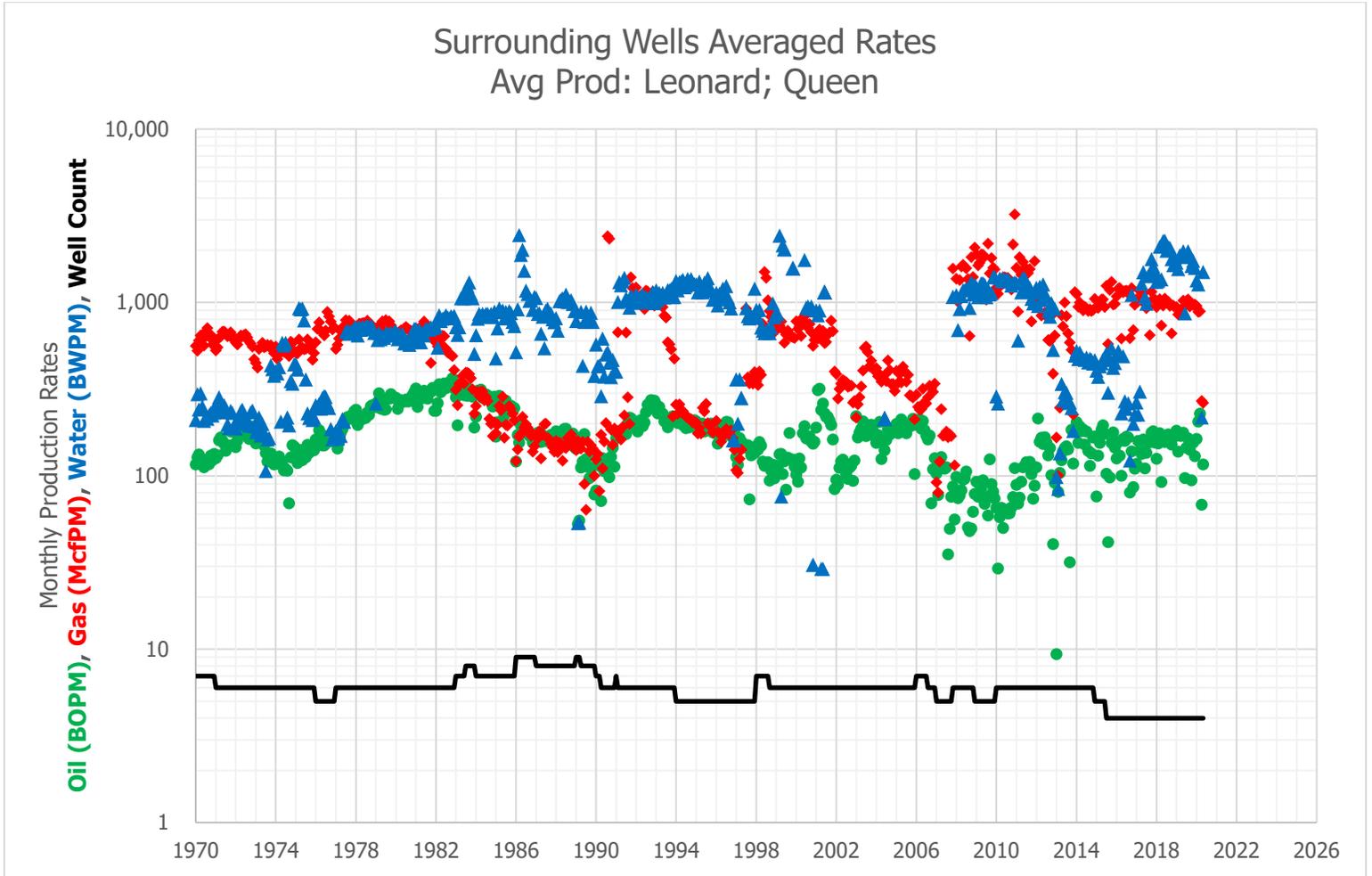
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Exhibit A – Historical and Forecast Production in the Current Zone



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Exhibit B – Historical Average Production in the Proposed Zone



fae I Operating

Exhibit C – Historical Production and Decline Curve

Surrounding Wells Averaged Rates					RHODES FEDERAL UNIT #98				Synthetic Decline Curve			
Avg Prod: Langlie-Mattix; Seven Rivers-Queen					Historical Prod: Rhodes; Yates-Seven Rivers							
Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Well Count	Date	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)	Month	Avg Oil (BOPM)	Avg Gas (McfPM)	Avg Water (BWPM)
7/1/2015	103	1,243	507	4	7/1/2015		605		1	142.9	1,339	1,107
8/1/2015	41	576	301	4	8/1/2015		473		2	142.2	1,336	1,103
9/1/2015	98	1,178	474	4	9/1/2015		412		3	141.6	1,332	1,100
10/1/2015	155	1,312	543	4	10/1/2015		355		4	140.9	1,329	1,096
11/1/2015	178	970	419	4	11/1/2015		650		5	140.2	1,326	1,092
12/1/2015	145	977	447	4	12/1/2015		533		6	139.5	1,322	1,089
1/1/2016	126	1,083	498	4	1/1/2016		439		7	138.9	1,319	1,085
2/1/2016	156	1,201	521	4	2/1/2016		637		8	138.2	1,316	1,082
3/1/2016	131	1,208	498	4	3/1/2016		618		9	137.6	1,312	1,078
4/1/2016	100	618	229	4	4/1/2016		549		10	136.9	1,309	1,075
5/1/2016	163	1,143	490	4	5/1/2016		419		11	136.2	1,306	1,071
6/1/2016	159	1,162	269	4	6/1/2016		584		12	135.6	1,303	1,067
7/1/2016	168	1,170	243	4	7/1/2016		435		13	134.9	1,299	1,064
8/1/2016	166	1,124	262	4	8/1/2016		298		14	134.3	1,296	1,060
9/1/2016	80	620	122	4	9/1/2016		403		15	133.7	1,293	1,057
10/1/2016	138	1,210	1,106	4	10/1/2016		455		16	133.0	1,290	1,054
11/1/2016	86	693	199	4	11/1/2016		328		17	132.4	1,286	1,050
12/1/2016	110	968	226	4	12/1/2016		413		18	131.7	1,283	1,047
1/1/2017	117	1,042	265	4	1/1/2017		541		19	131.1	1,280	1,043
2/1/2017	159	1,011	226	4	2/1/2017		529		20	130.5	1,277	1,040
3/1/2017	140	1,163	306	4	3/1/2017		663		21	129.9	1,274	1,036
4/1/2017	133	1,048	1,279	4	4/1/2017		597		22	129.2	1,270	1,033
5/1/2017	162	1,128	1,494	4	5/1/2017		560		23	128.6	1,267	1,030
6/1/2017	110	980	1,073	4	6/1/2017		351		24	128.0	1,264	1,026
7/1/2017	136	923	981	4	7/1/2017		498		25	127.4	1,261	1,023
8/1/2017	156	953	1,416	4	8/1/2017		486		26	126.8	1,258	1,019
9/1/2017	156	646	1,432	4	9/1/2017		602		27	126.2	1,255	1,016
10/1/2017	177	1,151	1,773	4	10/1/2017		516		28	125.6	1,252	1,013
11/1/2017	180	1,044	1,615	4	11/1/2017		402		29	125.0	1,248	1,009
12/1/2017	155	1,040	1,516	4	12/1/2017		477		30	124.4	1,245	1,006
1/1/2018	125	939	1,313	4	1/1/2018		571		31	123.8	1,242	1,003
2/1/2018	153	989	1,332	4	2/1/2018		475		32	123.2	1,239	999
3/1/2018	176	1,042	2,096	4	3/1/2018		417		33	122.6	1,236	996
4/1/2018	92	736	1,358	4	4/1/2018		416		34	122.0	1,233	993
5/1/2018	159	958	2,262	4	5/1/2018		299		35	121.4	1,230	990
6/1/2018	156	1,050	2,262	4	6/1/2018		242		36	120.9	1,227	986
7/1/2018	166	1,010	1,990	4	7/1/2018		488		37	120.3	1,224	983
8/1/2018	173	1,009	2,077	4	8/1/2018		246		38	119.7	1,221	980
9/1/2018	170	952	2,067	4	9/1/2018		365		39	119.1	1,218	977
10/1/2018	151	661	1,773	4	10/1/2018		385		40	118.6	1,215	973
11/1/2018	171	957	1,638	4	11/1/2018		403		41	118.0	1,212	970
12/1/2018	168	940	1,793	4	12/1/2018		393		42	117.4	1,209	967
1/1/2019	182	938	1,696	4	1/1/2019		547		43	116.9	1,205	964
2/1/2019	137	851	1,555	4	2/1/2019		511		44	116.3	1,202	961
3/1/2019	170	857	1,867	4	3/1/2019		508		45	115.8	1,199	958
4/1/2019	170	871	1,840	4	4/1/2019		486		46	115.2	1,196	954
5/1/2019	177	1,024	1,968	4	5/1/2019		554		47	114.7	1,193	951
6/1/2019	97	961	864	4	6/1/2019		422		48	114.1	1,191	948
7/1/2019	145	1,021	1,826	4	7/1/2019		206		49	113.6	1,188	945
8/1/2019	164	1,041	1,975	4	8/1/2019		221		50	113.0	1,185	942
9/1/2019	141	947	1,837	4	9/1/2019		275		51	112.5	1,182	939
10/1/2019	94	982	1,618	4	10/1/2019		206		52	111.9	1,179	936
11/1/2019	155	966	1,732	4	11/1/2019		313		53	111.4	1,176	933
12/1/2019	129	972	1,580	4	12/1/2019		419		54	110.9	1,173	930
1/1/2020	163	955	1,337	4	1/1/2020		336	-	55	110.3	1,170	927
2/1/2020	205	882	1,270	4	2/1/2020		350	-	56	109.8	1,167	924
3/1/2020	228	889	1	4	3/1/2020		343	-	57	109.3	1,164	921
4/1/2020	68	270	217	4	4/1/2020		334	341	58	108.8	1,161	917
5/1/2020	116	263	1,498	4	5/1/2020		342		59	108.2	1,158	914
6/1/2020	81	224	1,450	4	6/1/2020		304		60	107.7	1,155	911
7/1/2020	77	525	37	4	7/1/2020		305					
8/1/2020	149	1,011	1	4	8/1/2020		299					
9/1/2020	155	1,145	7	4	9/1/2020		313					
10/1/2020	32	939	0	4	10/1/2020		268					
11/1/2020	158	977	2	4	11/1/2020		304					
12/1/2020	165	923	24	4	12/1/2020		170					

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Exhibit D – Decline Curve IP Rates and Zone Allocation Percentage

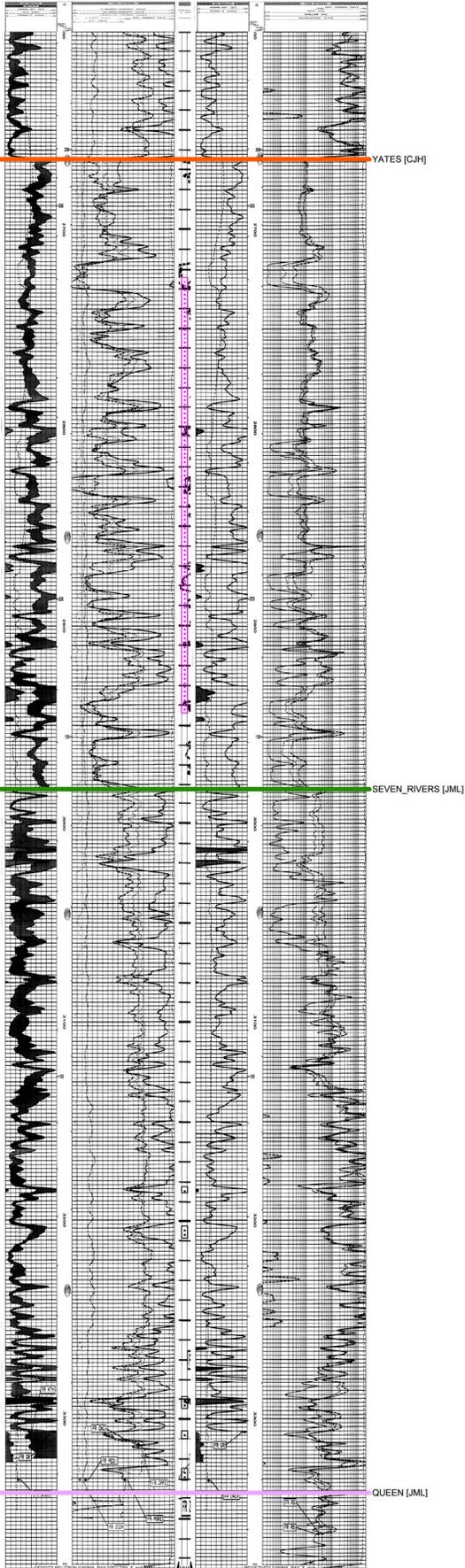
Zone (1)	Zone (2)	Oil IP (BOPD)	Gas IP (MCFD)	Water IP (BWPD)
Rhodes	Yates-Seven Rivers	0.0	13.3	0.3
Leonard	Queen	4.7	30.7	36.2
	Total	4.7	44.0	36.5
Rhodes	Yates-Seven Rivers	0%	30%	1%
Leonard	Queen	100%	70%	99%
	Total (%)	100%	100%	100%

FAE

RHODES FEDERAL UNIT 98
SPUD DATE : 11/21/2005
T26S R37E S9

Log
Depth(ft)

2600
2650
2700
2750
2800
2850
2900
2950
3000
3050
3100
3150
3200
3250
3300
3350
3400



RHODES FEDERAL UNIT 98
TD : 3,377

Perf Type	Source	Top Perf	Btm Perf
PROPOSED	CJH	3183	3186
PROPOSED	CJH	3203	3209
PROPOSED	CJH	3289	3295
PROPOSED	CJH	3306	3310
PROPOSED	CJH	3325	3331
PROPOSED	CJH	3342	3370

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-37514		² Pool Code 38760		³ Pool Name LEONARD; QUEEN, SOUTH	
⁴ Property Code 326344		⁵ Property Name RHODES FEDERAL UNIT			⁶ Well Number #098
⁷ OGRID No. 329326		⁸ Operator Name FAE II OPERATING, LLC			⁹ Elevation 2980'

¹⁰ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
B	9	26S	37E		660	N	1650	E	LEA

¹¹ Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
B	9	26S	37E		660	N	1650	E	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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 		¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>	
		Signature Marshall Bates	Date 6/22/2021
		¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>	
		Date of Survey Signature and Seal of Professional Surveyor:	
		Certificate Number	

Well Name: Rhodes Federal Unit #098 Lease No: NMLC 030176-A Lease Type: Federal
 Township: 26-S Range: 37-E Sec: 9B Location: 660' FNL & 1650' FEL
 County: Lea State: NM API: 30-025-37514 Formation: Rhodes-Eunice; Y-7R-Q

PROPOSED

Surface Csg
 Size: 8-5/8"
 Wt.&Thrd: 24#
 Grade: J-55 8rd ST&C
 Set @: 1030'
 Sxs cmt: 505 sxs
 Circ: 90 sxs
 TOC: Surface
 Hole Size: 12-1/4"

KB: 2993'
 DF: 2992'
 GL: 2980'
 Spud Date: 11/21/2005
 Compl. Date: 12/24/2005

History - Highlights

Proposed: MIRU. POOH w/ pump, rods & tbg. RIH w/ 4-3/4" bit, tag PBTD, drill out cmt/fill @ 3278 to TD. Circulate clean. POOH w/ bit. RIH w/ wireline & perf guns. Perf QUEEN 3342-3370' (2 SPF) (56 holes). Perf SEVEN RIVERS 3183-3331' (2 SPF) (50 holes). POOH w/ wireline. RIH w/ pkr. Acidize perfs 3183-3370' w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt diverter & flush w/ 1000 bbls 2% KCL water. POOH w/ pkr. TIH w/ tbg, pump & rods. RTP. Downhole commingle Rhodes; Yates-Seven Rivers & Eunice; Queen pools.

All info from OCD well files ONLY

TANSILL (Top @ 2516')

YATES (Top @ 2664')

2724-2944' (3 SPF, 36 holes) - Dec 2005
 Acidize w/ 1500 gals 15% NEFE HCL acid & 55 balls
 Frac w/ 82,061 gals 70-55 Q CO2 foam water, 15,000# 20/40 sand, 36,000# 12/20 sand, 100,000# 8/16 sand (151,000# total Brady sand)

SEVEN RIVERS (Top @ 2983')

SN 3300'
 EOT 3336'

Production Csg
 Size: 5-1/2"
 Wt.&Thrd: 15.5#
 Grade: J-55 8rd ST&C
 Set @: 3377'
 Sxs Cmt: 1106 sxs
 Circ: 171 sxs
 TOC: 145'
 Hole Size: 7-7/8"

3183-3186', 3203-3209', 3289-3295' (2 SPF) - Aug 2021
 Acidize w/ QUEEN

QUEEN (Top @ 3290')

3306-3310', 3325-3331', 3342-3370' (2 SPF) - Aug 2021
 Acidize w/ Lwr SEVEN RIVERS; Acidize w/ 5000 gals 15% NEFE HCL acid, 1500# rock salt, & flush w/ 1000 bbls 2% KCL water

PBTD 3375'
TD 3377'

Tubulars - Capacities and Performance

2-3/8" 4.7# EUE 8rd Tubing (~105 jts 2-3/8" tbg, SN, perf sub, MA w/ bull plug) @ 3336'

Well Name: Rhodes Federal Unit #098 Lease No: NMLC 030176-A Lease Type: Federal
 Township: 26-S Range: 37-E Sec: 9B Location: 660' FNL & 1650' FEL
 County: Lea State: NM API: 30-025-37514 Formation: Rhodes; YATES-SEVEN RIVERS

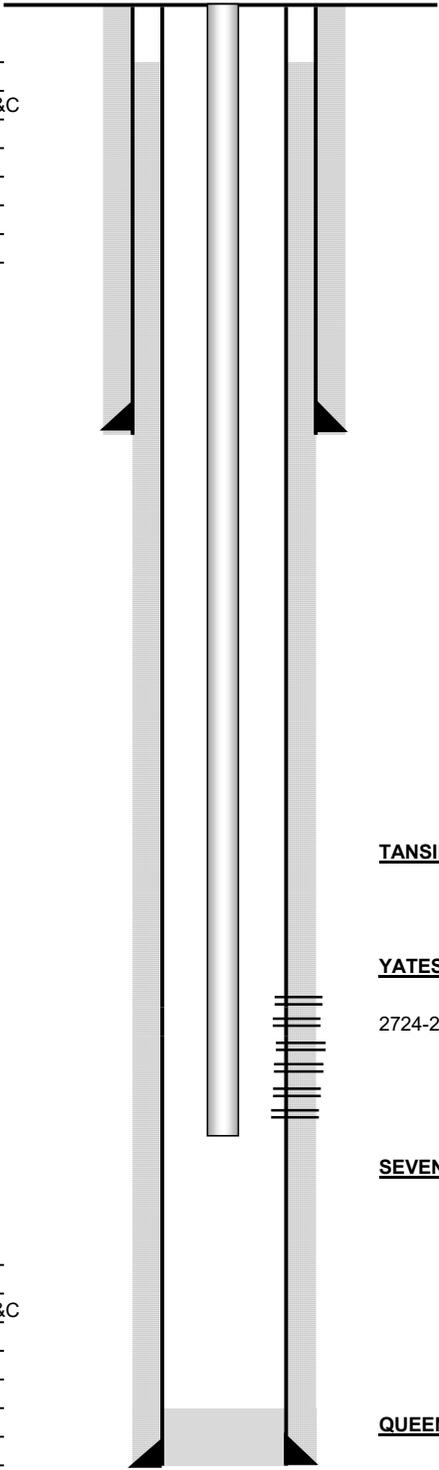
CURRENT

Surface Csg
 Size: 8-5/8"
 Wt.&Thrd: 24#
 Grade: J-55 8rd ST&C
 Set @: 1030'
 Sxs cmt: 505 sxs
 Circ: 90 sxs
 TOC: Surface
 Hole Size: 12-1/4"

KB: 2993'
 DF: 2992'
 GL: 2980'
 Spud Date: 11/21/2005
 Compl. Date: 12/24/2005

History - Highlights

All info from OCD well files ONLY



TANSILL (Top @ 2516')

YATES (Top @ 2664')

2724-2944' (3 SPF, 36 holes) - Dec 2005
 Acidize w/ 1500 gals 15% NEFE HCL acid & 55 balls
 Frac w/ 82,061 gals 70-55 Q CO2 foam water, 15,000# 20/40 sand, 36,000# 12/20 sand, 100,000# 8/16 sand (151,000# total Brady sand)

SEVEN RIVERS (Top @ 2983')

QUEEN (Top @ 3290')

EOT 2956'

Production Csg
 Size: 5-1/2"
 Wt.&Thrd: 15.5#
 Grade: J-55 8rd ST&C
 Set @: 3377'
 Sxs Cmt: 1106 sxs
 Circ: 171 sxs
 TOC: 145'
 Hole Size: 7-7/8"

PBTB 3278'
 TD 3377'

Tubulars - Capacities and Performance

2-3/8" 4.7# Tubing @ 2956'
 Rod Lift: 2" x 1-1/4" x 12" RHBC pump

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

Awesome, thank you Dean!

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

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

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

Thank you,
 Vanessa Neal | Sr Reservoir Engineer

forty acres energy

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

C [979.255.3476](tel:979.255.3476)

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

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

Hello Vanessa,

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

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

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

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

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

Hi Dean,

I hope everything is going great in your world.

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

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

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

forty acres energy

11757 Katy Freeway, Suite 725 | Houston, TX 77079

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

C [979.255.3476](tel:979.255.3476)

E vanessa@faenergyus.com

From: [Engineer, OCD, EMNRD](#)
To: [Marshall Bates](#); [Vanessa Neal](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#)
Subject: Approved Administrative Order DHC-5140
Date: Wednesday, December 8, 2021 11:16:49 AM
Attachments: [DHC5140 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5140 which authorizes FAE II Operating, LLC (329326) to downhole commingle production from 2 pools in their Rhodes Federal Unit 98 well (30-025-37514).

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

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

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

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

ORDER NO. DHC-5140

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. FAE II Operating, LLC (“Applicant”) submitted a complete application (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
6. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
7. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.
9. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
10. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

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

11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
12. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Applicant shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
3. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
4. If the Well is deepened, then Applicant shall conduct and, no later than forty-five (45) days after the Well is deepened, provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
5. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
6. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
7. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
8. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: _____ 12/07/2021 _____

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5140**

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

Well Name: **Rhodes Federal Unit #98**

Well API: **30-025-37514**

Upper Zone	Pool Name: RHODES;YATES-SEVEN RIVERS (GAS)	Current: X	New:
	Pool ID: 83810	Oil: 0%	Gas: 30%
	Allocation: Fixed Percent	Top: 2,725	Bottom: 3,331
	Interval: Perforations		

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

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

Lower Zone	Pool Name: LEONARD;QUEEN, SOUTH	Current:	New: X
	Pool ID: 38760	Oil: 100%	Gas: 70%
	Allocation: Fixed Percent	Top: 3,342	Bottom: 3,370
	Interval: Perforations		

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

Top of Queen Formation: **3,337**

District I
 1625 N. French Dr., Hobbs, NM 88240
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 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
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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 33748

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 1000 Houston, TX 77079	OGRID: 329326
	Action Number: 33748
	Action Type: [C-107] Down Hole Commingle (C-107A)

CONDITIONS

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