

Revised March 23, 2017

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: Shell E State Com #1 CTB **API:** 30-025-04538
Pool: Eumont **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☐ PPR**2) 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.

Brittney Storfa

Print or Type Name

Signature
4/28/2022

Date

832-241-8080

Phone Number

brittney@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 Fwy, Ste. 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.

(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. 76480 EUMONT; YATES-7 RVRS-QUEEN (GAS)

(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

(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: M Bates

TITLE: Engineering Tech

DATE: 2/10/2021

TYPE OR PRINT NAME Marshall Bates

TELEPHONE NO.: (832) 241-8080

E-MAIL ADDRESS: Marshall@FAEnergyus.com

faeIIoperating

February 8, 2021

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

**Re: Shell E State Com #1: API 30-025-04538
Shell E State Com #2: API 30-025-25773
[76480] Eumont; Yates-7 RVRs-Queen**

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 wells listed above.

If you have any questions, please feel free to contact the undersigned phone at (832) 209-0809 or by email at rebecca@faenergyus.com.

Thank you for your attention to this matter.

Sincerely,

FAE II Operating, LLC



Rebecca Wing

Land

faeIIoperating

February 8, 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 Surface Commingle and Sell Gas Production from the Eumont Gas Pool for the Shell E State Com #2 well at the Shell E State Com #1 Tank Battery located in Lot 10, Sec. 6, T-21S, R-36E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for surface commingling of gas production for its Shell E State Com leases located in Section 6 of Township 21S, Range 36E as shown on the map in Exhibit A. The leases are also identified by outline and legend. Exhibit B offers further detail on the relevant leases and wells.

The attached battery diagrams, Exhibits C and D, are accurate schematics of the current facility and the proposed commingled facility, respectively. A new 2-inch gas flowline will be laid from the Shell E State Com #2 well and tie in to the gas sales meter at the Shell E State Com #1.

After a review of internal records, the interest owners are identical for the wells mentioned above. As such, notification to the interest owners 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

faeIIoperating

Exhibit A – Lease Boundaries Map

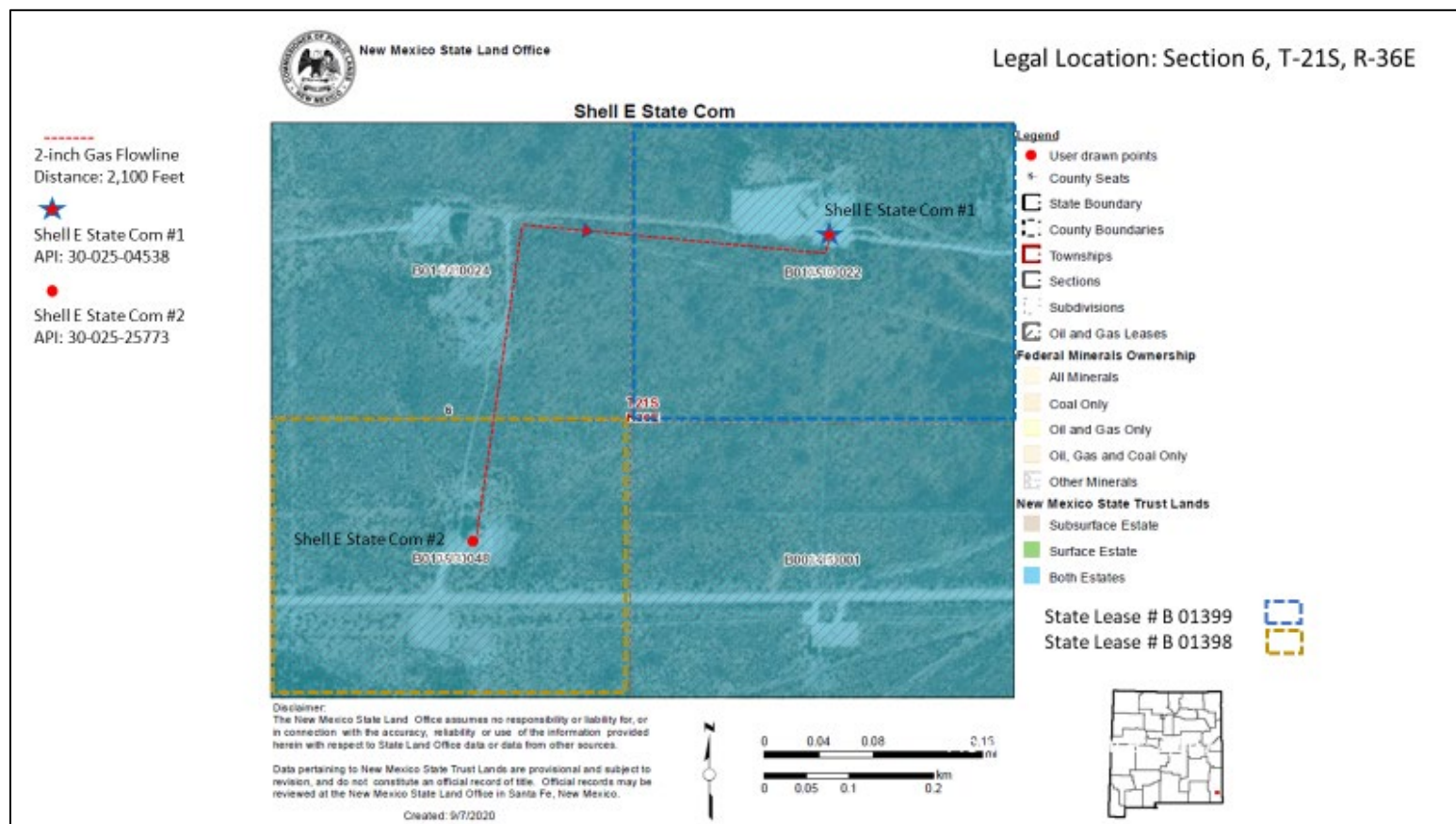
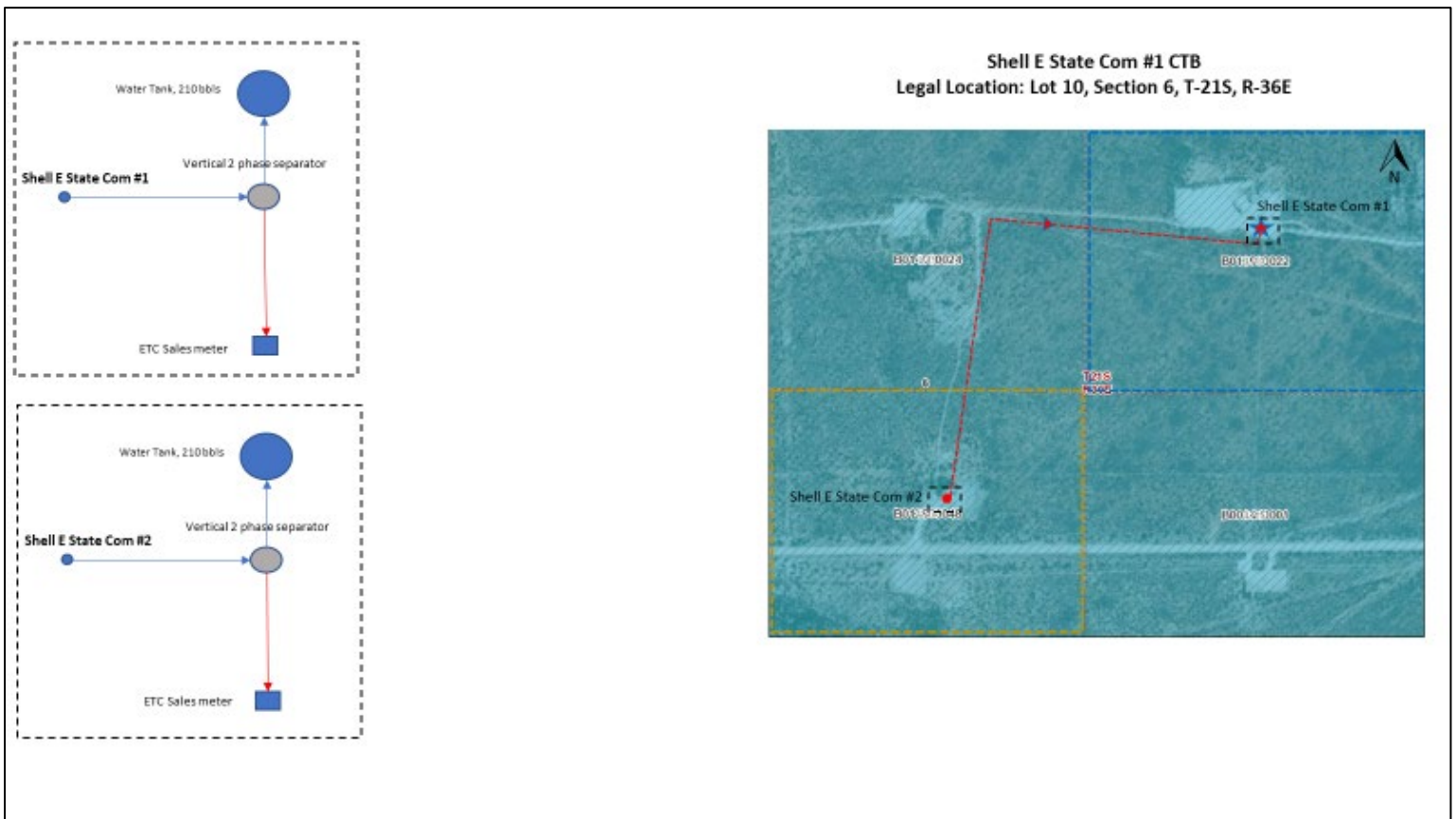


Exhibit B – Lease and Well Information

Well Name	State Lease No.	API #	Pool ID
Shell E State Com #1	B013990022	30-025-04538	76480 EUMONT; YATES-7 RVRS-QUEEN (GAS)
Shell E State Com #2	B013980048	30-025-25773	76480 EUMONT; YATES-7 RVRS-QUEEN (GAS)

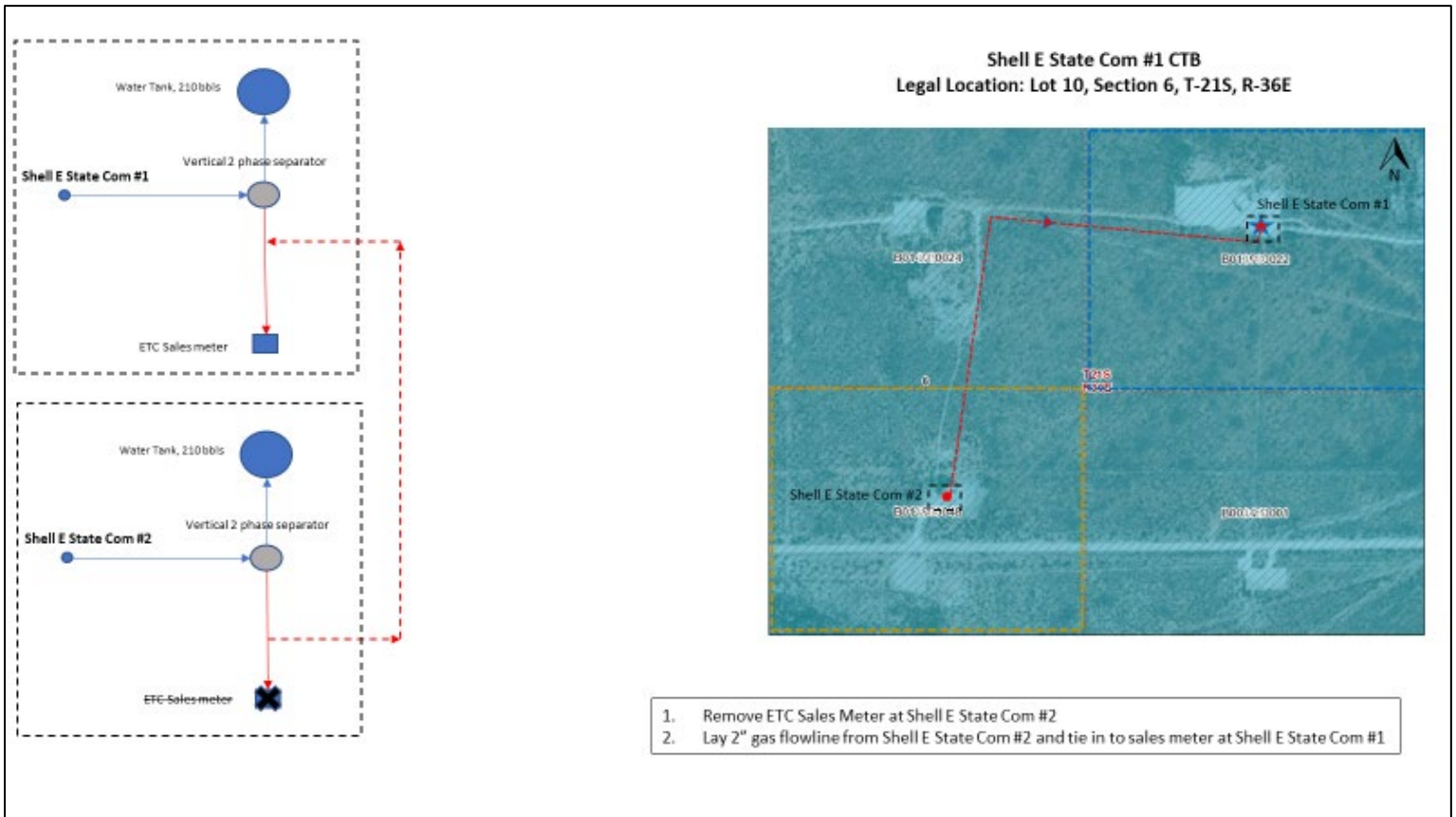
faeIIoperating

Exhibit C – Current Facility Layout



faeIIoperating

Exhibit D – Proposed Facility Layout



From: [McClure, Dean, EMNRD](#)
To: [Brittney Storfa](#)
Cc: [Wrinkle, Justin, EMNRD](#)
Subject: RE: [EXTERNAL] RE: surface commingling application CTB-984
Date: Wednesday, October 26, 2022 10:20:00 AM
Attachments: [image001.png](#)

Ms. Storfa,

It is the Division's understanding that a permit is not required for the commingling project proposed in surface commingling application CTB-984. As such it is now rejected. If new information comes to light or the proposed project changes such that a commingling permit is required, Forty Acres will need to submit another commingling application at that time.

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

From: Brittney Storfa <brittney@faenergyus.com>
Sent: Wednesday, October 26, 2022 10:17 AM
To: McClure, Dean, EMNRD <Dean.McClure@emnrn.nm.gov>
Cc: Wrinkle, Justin, EMNRD <Justin.Wrinkle@emnrn.nm.gov>
Subject: RE: [EXTERNAL] RE: surface commingling application CTB-984

Again, it looks like the previous submitter thought these wells were on separate leases. If you are saying they are on the same lease, I don't not see a need for the surface commingle as well. Thank you!

Thank you,
Brittney

From: McClure, Dean, EMNRD <Dean.McClure@emnrn.nm.gov>
Sent: Wednesday, October 26, 2022 10:44 AM
To: Brittney Storfa <brittney@faenergyus.com>
Cc: Wrinkle, Justin, EMNRD <Justin.Wrinkle@emnrn.nm.gov>
Subject: RE: [EXTERNAL] RE: surface commingling application CTB-984

Ms. Storfa,

Based upon my review of this application, a commingling permit seems unnecessary for the proposed work.

- This is based upon the following factors:
- All wells produce from a common lease; "CA Yates, Seven Rivers, Queen NMSLO PUN 1092344"
 - All wells produce from a common pool; "EUMONT; YATES-7 RVRS-QUEEN (GAS)"
 - Production is proposed to be commingled and sold from a battery on lease; "Shell E State Com 1 CTB"
 - Interest is identical

Please provide any relevant information that may not be clear from my initial review to demonstrate the reason for which the commingling application was submitted.

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

From: Brittney Storfa <brittney@faenergyus.com>
Sent: Friday, May 20, 2022 12:41 PM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: RE: [EXTERNAL] RE: surface commingling application CTB-984

Yes they are being allocated to the lease below.

Thank you,
Brittney

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Friday, May 20, 2022 1:17 PM
To: Brittney Storfa <brittney@faenergyus.com>
Subject: RE: [EXTERNAL] RE: surface commingling application CTB-984

Please confirm whether they are both being allocated to the following state CA or if not please confirm what "lease" the production from each is being allocated to:

Lease	UL or Q/Q	S-T-R
CA Yates-Seven Rivers-Queen NMSLO PUN 1092344	9 10 11 12 13 14	6-21S-36E

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

From: Brittney Storfa <brittney@faenergyus.com>
Sent: Friday, May 20, 2022 11:30 AM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: RE: [EXTERNAL] RE: surface commingling application CTB-984

Dean,
I believe we are planning to meter these wells.

It looks like they are the same pool but different state leases.

Thank you,
Brittney

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Friday, May 20, 2022 12:14 PM
To: Brittney Storfa <brittney@faenergyus.com>
Subject: RE: [EXTERNAL] RE: surface commingling application CTB-984

Brittney,

What allocation method is FAE proposing for this commingling project?

Further, presuming that I am correct that both these wells are producing from the same CA, ownership is identical, and they are producing from the same pool, then a commingling permit is not required for the commingling of these wells.

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

From: Brittney Storfa <brittney@faenergyus.com>
Sent: Wednesday, May 11, 2022 9:53 AM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: [EXTERNAL] RE: surface commingling application CTB-984

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

Dean,
Attached is the SLO approved letter and signed checklist for the Shell E State Com 1 CTB. Please let me know if you need any additional information.

Thank you,

Brittney Storfa | Engineer
forty acres energy
11757 Katy Freeway, Suite 725 | Houston, TX 77079
O 832.241.8080 (ext. 161)
C 406.860.9065
E brittney@faenergyus.com

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Wednesday, April 27, 2022 3:47 PM
To: Brittney Storfa <brittney@faenergyus.com>
Subject: FW: surface commingling application CTB-984

Hello Brittney,

Please see the email below. I believe this is the last communication I have on record regarding surface commingling application CTB-984.

Commingling Applications														
Admin	Applicant	OGRID Number	ID	Request Number	Title	API	Allocation	Pending CA	C(4) (g)	Infill	Status	Notes	Date	Folder
CTB-984	FAE II Operating, LLC	329326	18533	pDM2105432524	Shell E State Com 1 CTB						Under Review	Asking for admin checklist, SLO notification, gas only	2/22/2021	file:///C:/Users/dmcclure/OneDrive/2520-%2520State%2520of%2520New%2520Mexico/NM%2520WORK/CTB/CTB984

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

From: McClure, Dean, EMNRD
Sent: Tuesday, February 23, 2021 9:07 AM
To: Marshall Bates <marshall@faenergyus.com>
Subject: surface commingling application CTB-984

Mr. Bates,

I am reviewing surface commingling application CTB-984 for the commingling project which involves the Shell E State Com 1 CTB operated by FAE II Operating, LLC (329326).

Please fill out the attached application checklist and submit.

Please note that the SLO will need to be notified of applications which involve state land regardless of whether ownership is identical.

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



Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

April 28, 2022

FAE II Operating, LLC
ATTN: David Schellstede
11757 Katy Fwy, Ste. 1000
Houston, TX 77079

Re: Commingling and Off-Lease Storage Application
State Com A #5, API No. 30-25-31117
State Com A #6, API No. 30-25-37957
State Com A #8, API No. 30-25-38670
POOL: [76480] EUMONT; YATES-7 RVRS-QUEEN (GAS)
Lea County, NM

Dear Mr. Schellstede,

We have received your \$150 application fee and request for surface commingling for the above-captioned wells.

Since it appears that all the rules and regulations for the New Mexico Oil Conservation Division and the State Land Office have been compiled with and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved.

Our approval

- is subject to approval from all relevant agencies,
- does not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

If you have any questions or if we may be if further assistance, please contact Commingling Manager Scott Dawson at 505.827.5791 or sdawson@slo.state.nm.us

Respectfully,

A handwritten signature in blue ink, appearing to read "S.G. Richard / GB".

Stephanie Garcia Richard
Commissioner of Public Lands

SGR/sd

cc: OCD-Leonard Lowe
OGMD and Units Reader Files



Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

April 28, 2022

FAE II Operating, LLC
ATTN: David Schellstede
11757 Katy Fwy, Ste. 1000
Houston, TX 77079

Re: Commingling and Off-Lease Storage Application
Shell E State Com #1, API No. 30-25-04538
Shell E State Com #2, API No. 30-25-25773
POOL: [76480] EUMONT; YATES-7 RVRS-QUEEN (GAS)
Lea County, NM

Dear Mr. Schellstede,

We have received your \$150 application fee and request for surface commingling for the above-captioned wells.

Since it appears that all the rules and regulations for the New Mexico Oil Conservation Division and the State Land Office have been compiled with and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved.

Our approval

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If you have any questions or if we may be if further assistance, please contact Commingling Manager Scott Dawson at 505.827.5791 or sdawson@slo.state.nm.us

Respectfully,

A handwritten signature in blue ink, appearing to read "S.G. [initials] /GB".

Stephanie Garcia Richard
Commissioner of Public Lands

SGR/sd

cc: OCD-Leonard Lowe
OGMD and Units Reader Files

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

COMMENTS

Action 153890

COMMENTS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 153890
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

COMMENTS

Created By	Comment	Comment Date
dmcclure	Rejected under Action ID: 18533	10/26/2022

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 153890

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 153890
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	None	10/26/2022