

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	\$/MMBTU	Calculated Value of Commingled Production	Volumes
[79240] JALMAT; TAN-YATES-7 RVRs (GAS)	1.3862 BTU	1.362	7.88	\$1182/month	40 / Month
[33820] JALMAT; TAN-YATES-7 RVRs (GAS)	1.362 BTU				110 / Month
(2) Are any wells producing at top allowables? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
(3) Has all interest owners been notified by certified mail of the proposed commingling? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No.					
(4) Measurement type: <input type="checkbox"/> Metering <input checked="" type="checkbox"/> Other (Specify)					
(5) Will commingling decrease the value of production? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "yes", describe why commingling should be approved					

**(B) LEASE COMMINGLING**

Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
(3) Has all interest owners been notified by certified mail of the proposed commingling? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
(4) Measurement type: <input type="checkbox"/> Metering <input checked="" type="checkbox"/> 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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: [Signature] TITLE: Production Engineer DATE: 10/6/2022

TYPE OR PRINT NAME Brittney Storfa TELEPHONE NO.: 832-241-8080

E-MAIL ADDRESS: brittney@faenergyus.com

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☒ Yes ☐ No

**(A) POOL COMMINGLING**

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[33820] JALMAT; TAN-YATES-7 RVRs (GAS)	1.362 BTU				110 / Month
					(MMBTU)

(2) Are any wells producing at top allowables? ☐ Yes ☒ No

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**(B) LEASE COMMINGLING**

Please attach sheets with the following information

(1) Pool Name and Code.

(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)**

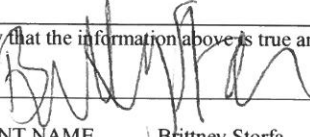
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(1) A schematic diagram of facility, including legal location.

(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:  TITLE: Production Engineer DATE: 10/6/2022

TYPE OR PRINT NAME Brittney Storfa TELEPHONE NO.: 832-241-8080

E-MAIL ADDRESS: brittney@faenergyus.com



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:** F&E II Operating, LLC **OGRID Number:** 329326  
**Well Name:** Sholes B 25 #1 **API:** 30-025-09812  
**Pool:** [33820] Jalmat; Tan-Yates-7 Rvrs **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 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 Storfa10/6/2022Date(832) 241- 8080Phone Numberbrittney@faenergyus.come-mail Address

Print or Type Name

Signature

# faeIIoperating

September 16, 2022

## 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 Jalmat; Tan-Yates-7 RVRs Pool for the Lindley #2, Lindley #1, W T Joyner #1, Humphreys #1, Sholes B 25 #1, Sholes A #1 and the Sholes A #8 well at the Sholes Battery located in Unit H, Sec. 25, T-25S, 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 Sholes lease located in Section 25 of Township 25S, Range 36E as shown on the map in Exhibit A. The lease is also identified by outline and legend. Exhibit B offers further detail on the relevant 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 Lindley #2, Lindley #1, W T Joyner #1 and tie into the gas sales meter at the Sholes B 25 #1.

After a review of internal records, the interest owners are not identical for the wells mentioned above. As such, we have notified all relevant parties of our intent to commingle production (see attached letter). The working, royalty, and overriding royalty interest owners as shown in the attached xcel have been notified of this application by certified mail. Copies of the certified mail receipts are attached.

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 [brittney@faenergyus.com](mailto:brittney@faenergyus.com) or by telephone at (832) 241-8080.

Very truly yours,



**FAE II Operating, LLC**





Exhibit A – Lease Boundaries Map

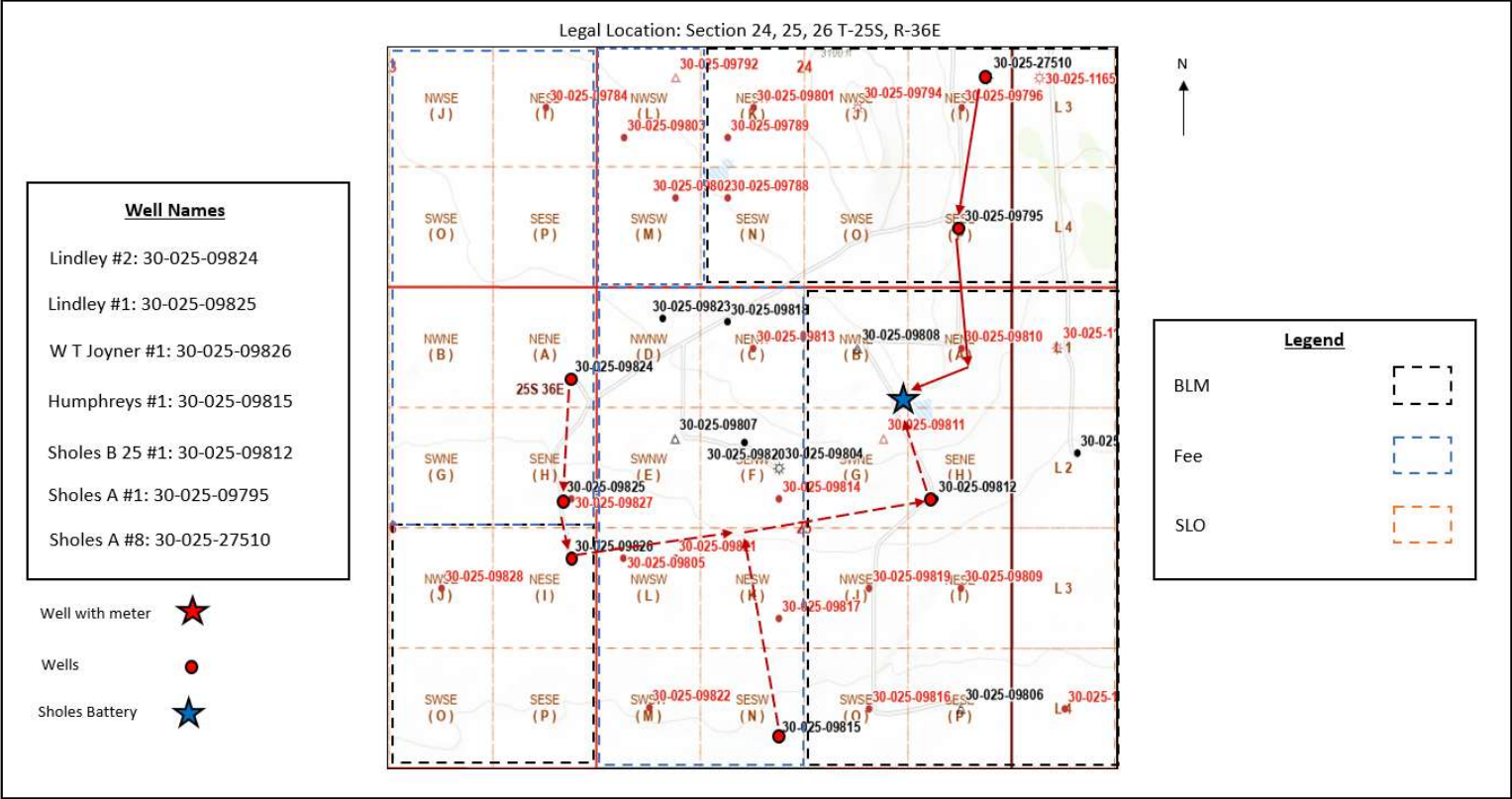
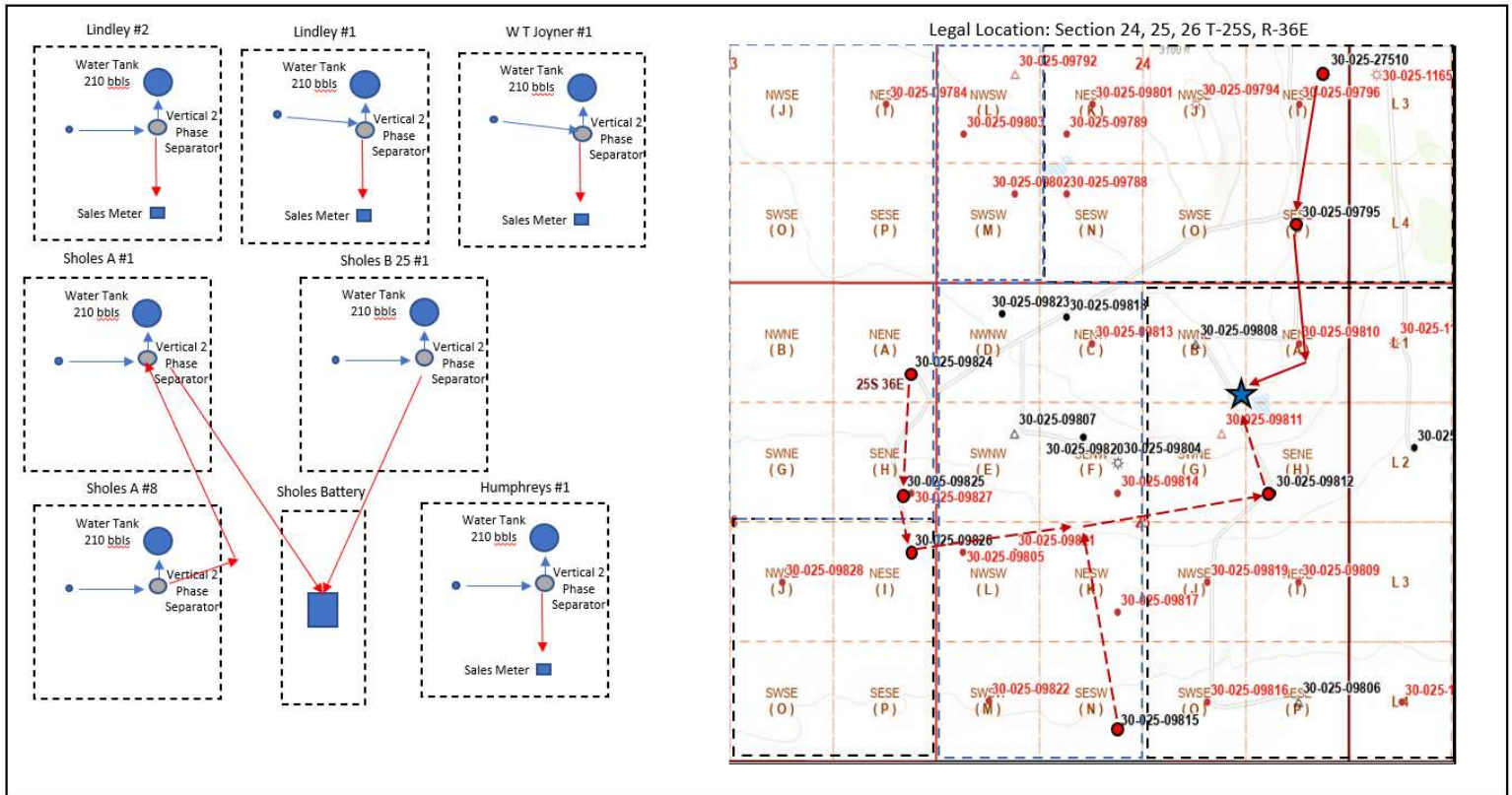


Exhibit B – Lease and Well Information

Well Name	Property No.	API #	Pool ID
Lindley #2	329929	30-025-09824	[33820] Jalmat; Tan-Yates-7 Rvrs
Lindley #1	329929	30-025-09825	[33820] Jalmat; Tan-Yates-7 Rvrs
W T Joyner #1	329849	30-025-09826	[33820] Jalmat; Tan-Yates-7 Rvrs
Humphreys #1	329834	30-025-09815	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes B 25 #1	329847	30-025-09812	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes A #1	329845	30-025-09795	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes A #8	329845	30-025-27510	[79240] Jalmat; Tan-Yates-7 Rvrs

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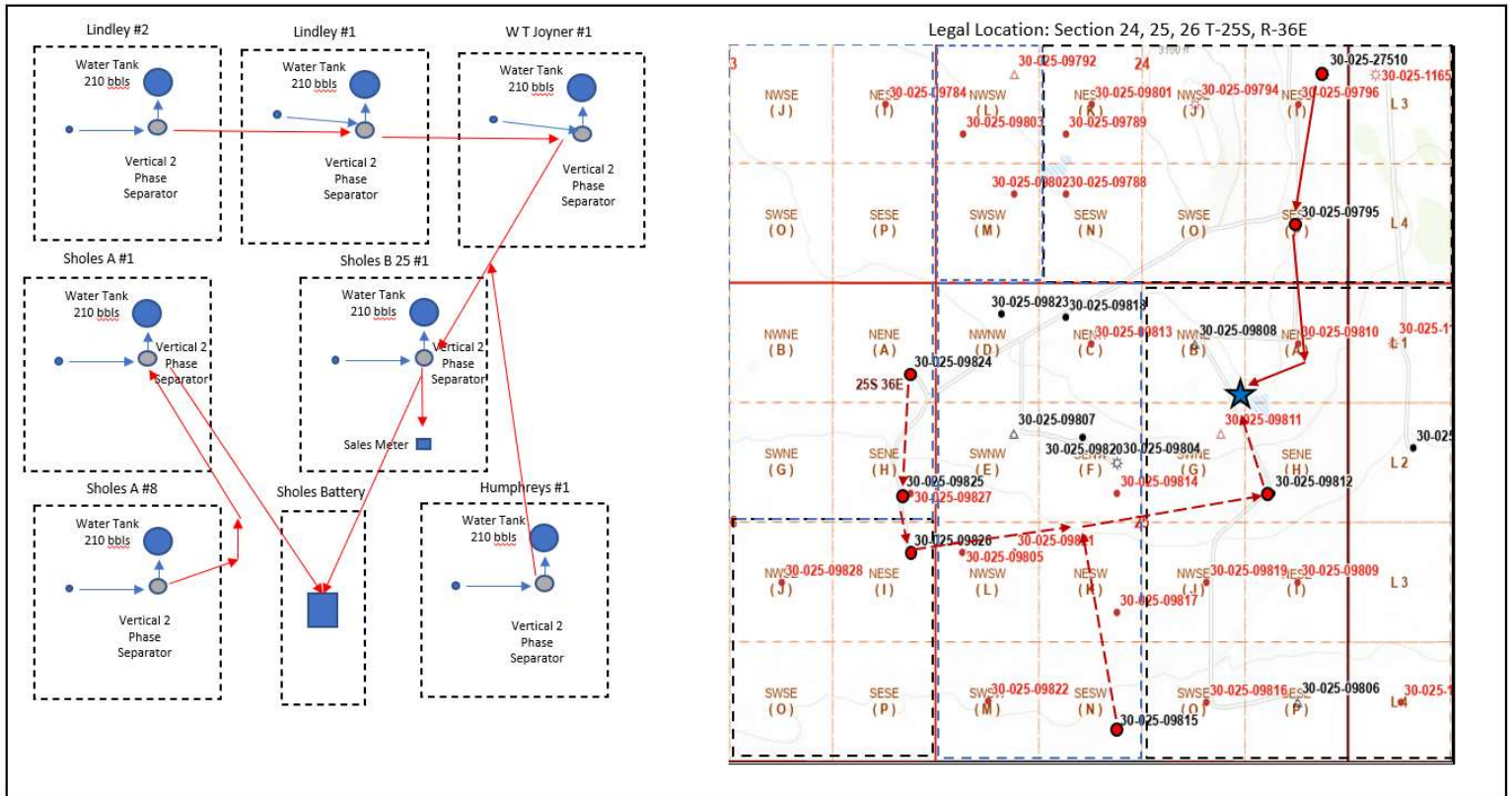
## Exhibit C – Current Facility Layout





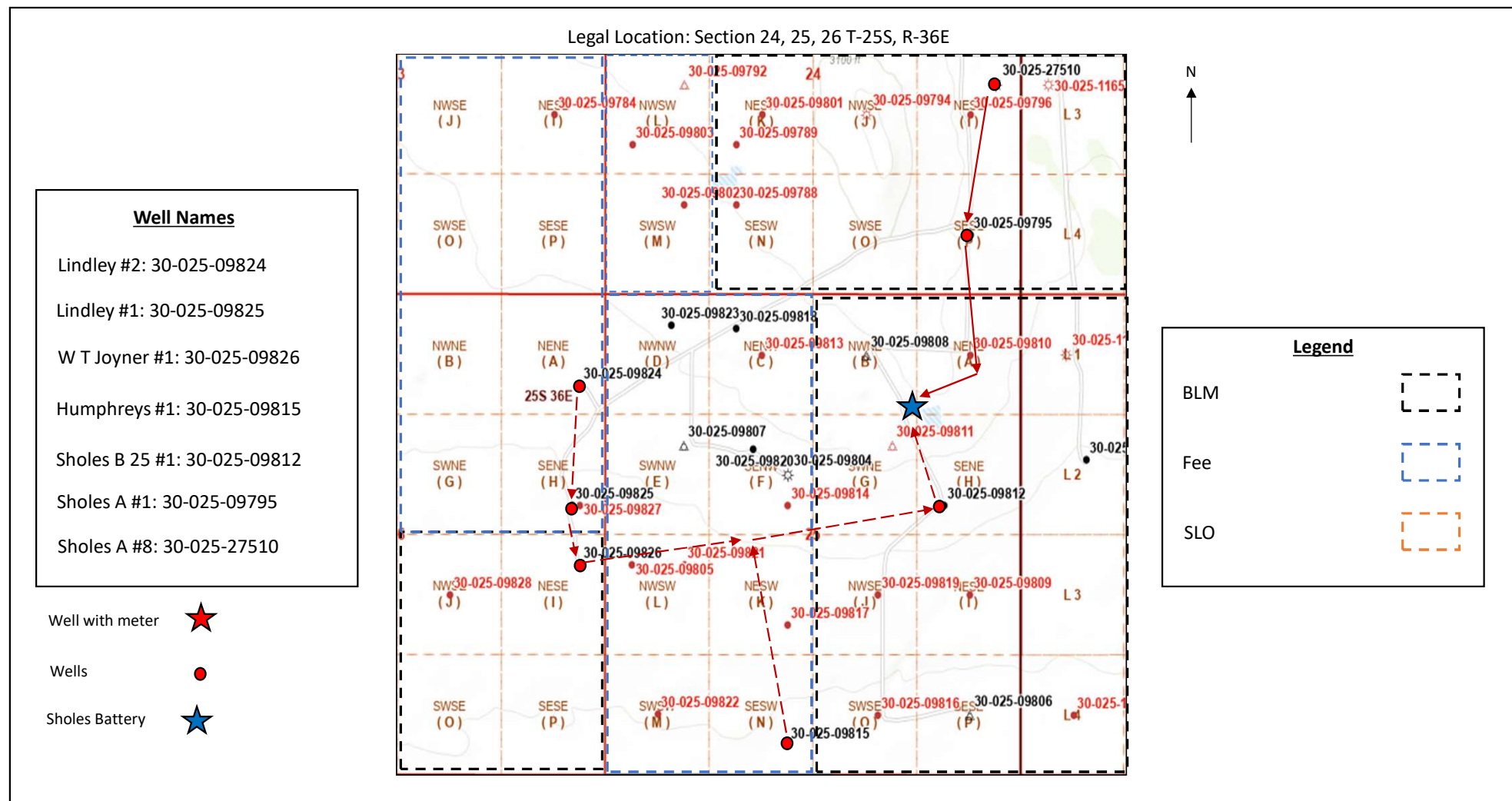
# faeIIoperating

## Exhibit D – Proposed Facility Layout



Create Exhibit A

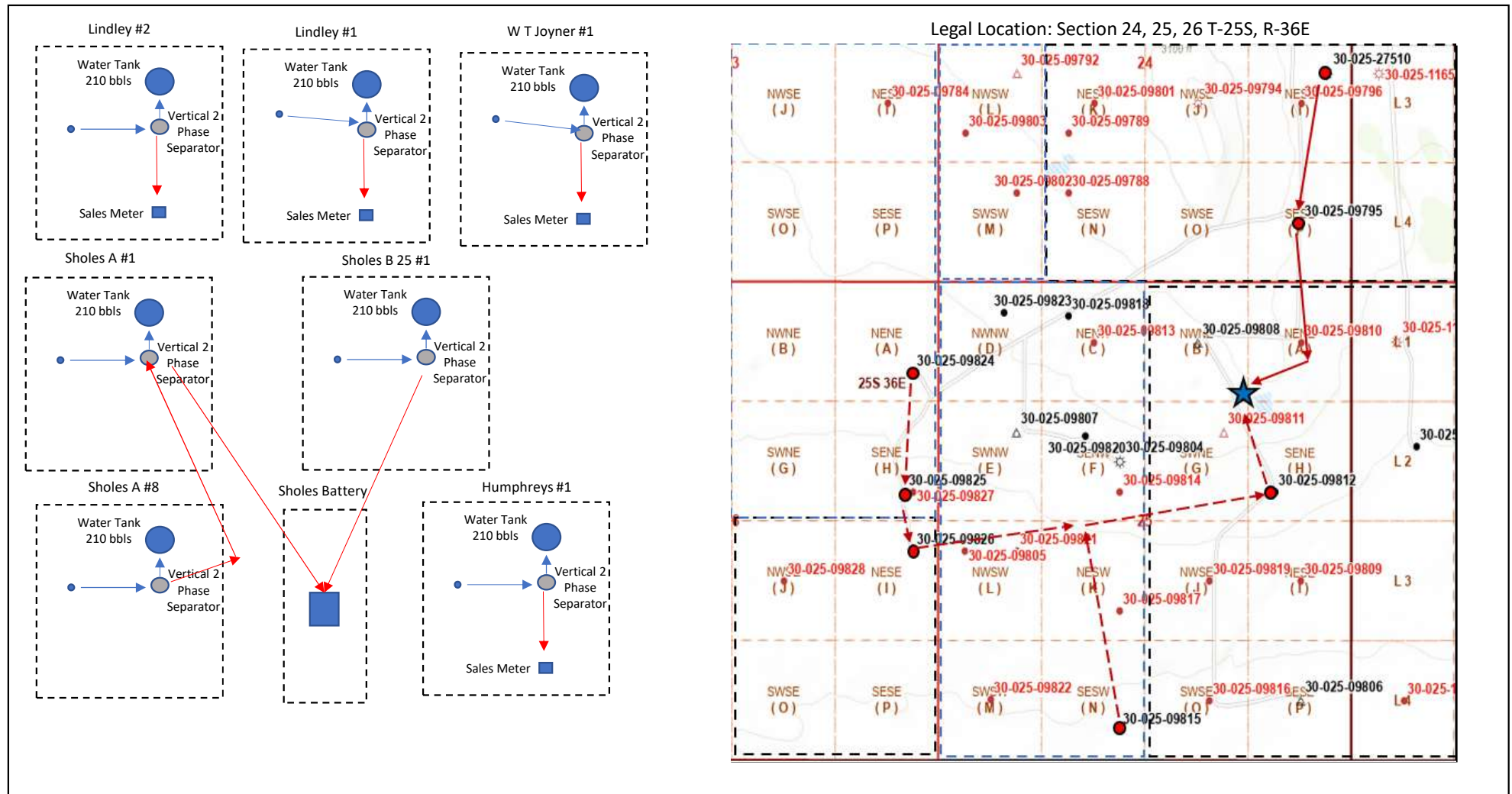
Lease Boundaries Map





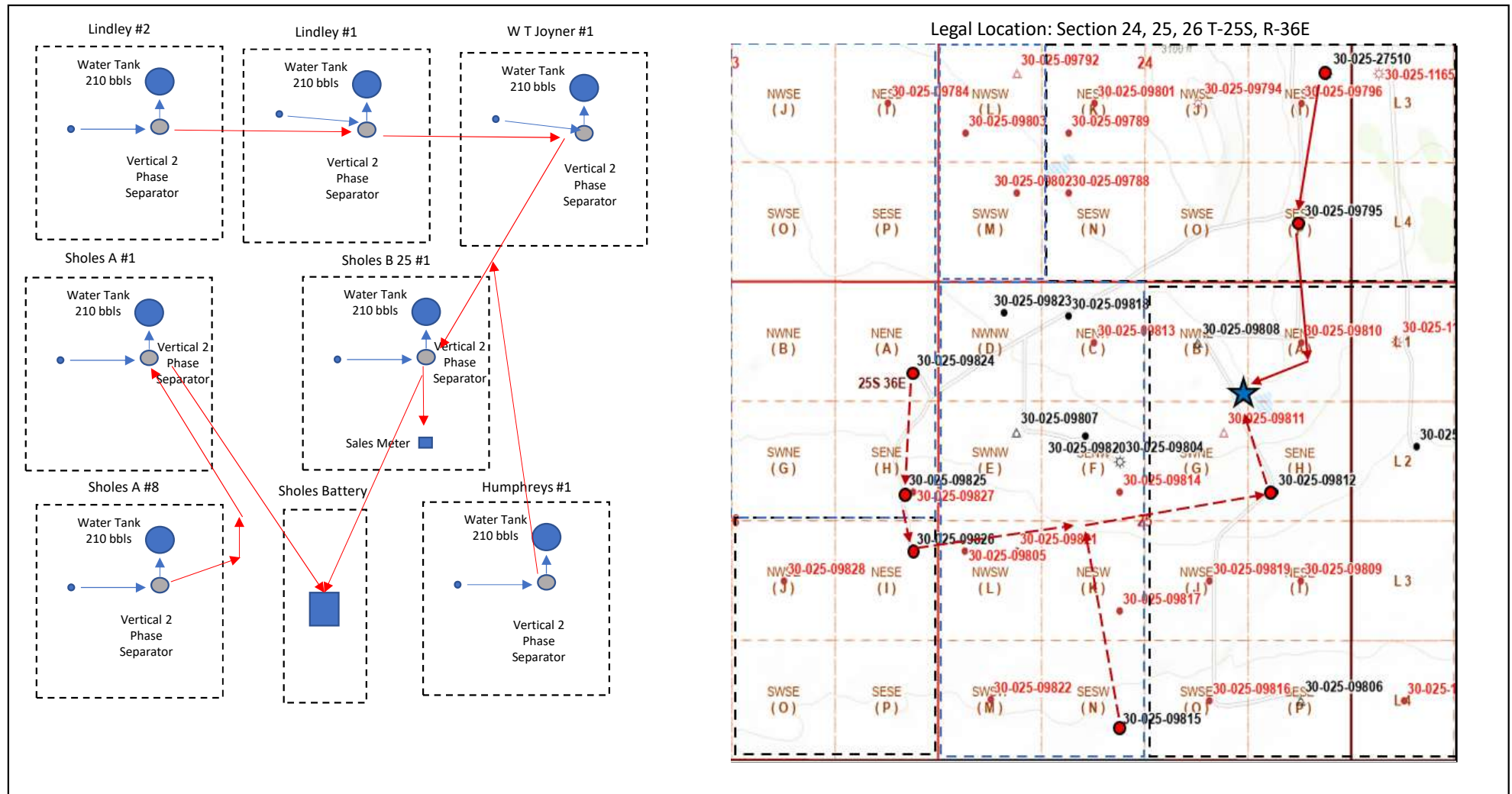
Create Exhibit C

Current Facility Layout



Create Exhibit D

Proposed Facility Layout






Certified Tracking Number	Date Mailed	Well Names	Ownership Type	Name	Address	City	State	ZIP
7021 2720 0002 5545 9717	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	ANNABELL S AMES	424 IVY LN	SAN ANTONIO	TX	78209
7021 2720 0002 5545 9762	9/23/2022	SHOLES A #1, SHOLES A #8	OVERRIDING ROYALTY	APACHE CORPORATION	P O BOX 840133	DALLAS	TX	75284
7021 2720 0002 5545 9779	9/23/2022	SHOLES A #1, SHOLES A #8, SHOLES B 25 #1	OVERRIDING ROYALTY	BP AMERICA PRODUCTION CO.	P O BOX 277897	ATLANTA	GA	30384
7021 2720 0002 5545 9724	9/23/2022	HUMPHREYS #1	ROYALTY	BURLINGTON RESOURCES OIL & GAS CO., LP	925 N. ELDRIDGE PARKWAY	HOUSTON	TX	77079
7021 2720 0002 5545 9786	9/23/2022	HUMPHREYS #1	WORKING	COMMUNITY MINERALS, LLC.	2925 RICHMOND AVE, SUITE 1200	HOUSTON	TX	77098
7021 2720 0002 5545 9793	9/23/2022	SHOLES A #1, SHOLES A #8, SHOLES B 25 #1	OVERRIDING ROYALTY	CONOCO PHILLIPS	925 N. ELDRIDGE PARKWAY	HOUSTON	TX	77079
	9/23/2022	SHOLES A #1, SHOLES A #8	OVERRIDING ROYALTY	DANIEL MEINERS	NO ADDRESS	NO ADDRESS	NO	NO
7021 2720 0002 5545 9809	9/23/2022	HUMPHREYS #1	OVERRIDING ROYALTY	DECHICCHIS TRUST #2164	P O BOX 840738	DALLAS	TX	75284
7021 2720 0002 5545 9618	9/23/2022	SHOLES A #1, SHOLES A #8	OVERRIDING ROYALTY	DOUGLAS POWELL	P O BOX 651	CORNVILLE	AZ	86325
7021 2720 0002 5545 9748	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	EDDIE LINDLEY	850 COUNTY RD 4981	DESDEMONA	TX	76445
7021 2720 0002 5545 9625	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	ELANA CHRISTINE LAMBERT RENZ	6105 PRAIRIE RIDGE DR	MIDLAND	TX	79707
7021 2720 0002 5545 9632	9/23/2022	HUMPHREYS #1	ROYALTY	ELLIOTT HALL COMPANY, LP	P O BOX 1231	OGDEN	UT	84402
7021 2720 0002 5545 9755	9/23/2022	HUMPHREYS #1	ROYALTY	ELLIOTT INDUSTRIES	P O BOX 1328	SANTA FE	NM	87504
7021 2720 0002 5545 9656	9/23/2022	LINDLEY #1, LINDLEY #2	OVERRIDING ROYALTY	EXXON COMPANY USA	P O BOX 840780	DALLAS	TX	75284
7021 2720 0002 5545 9670	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	EXXON COMPANY USA	P O BOX 840780	DALLAS	TX	75284
7021 2720 0002 5545 9663	9/23/2022	HUMPHREYS #1	ROYALTY	GEORGE V. HOLMES, TRUSTEE	P O BOX 237	GONZALES	TX	78629
7021 2720 0002 5545 9670	9/23/2022	HUMPHREYS #1, LINDLEY #1, LINDLEY #2	ROYALTY	GONZALES ROYALTIES, INC.	P O BOX 237	GONZALES	TX	78629
7021 2720 0002 5545 9687	9/23/2022	SHOLES A #1, SHOLES A #8	OVERRIDING ROYALTY	HAROLD W POWELL	9365 VALLEJO DR.	ORANGEVALE	CA	95662
7021 2720 0002 5545 9694	9/23/2022	HUMPHREYS #1	WORKING	HOU-TEX EXPLORATION, INC.	11060 TIMBERLINE RD	HOUSTON	TX	77043
7021 2720 0002 5545 7234	9/23/2022	HUMPHREYS #1	ROYALTY	JV ROYALTY GROUP	P O BOX 2035	ROSWELL	NM	88202
7021 2720 0002 5545 7241	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	LARRY D FINCH TR	P O BOX 237	GONZALES	TX	78629
7021 2720 0002 5545 7258	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	LAUREN H STRUBAR	815 BROOKS HOLLOW	AUSTIN	TX	78734
7021 2720 0002 5545 7265	9/23/2022	HUMPHREYS #1, LINDLEY #1, LINDLEY #2	ROYALTY	LEXINGTON OIL COMPANY	P O BOX 237	GONZALES	TX	78629
7021 2720 0002 5545 7272	9/23/2022	HUMPHREYS #1	OVERRIDING ROYALTY	M.J. MOURNE, JR.	21380 W. SUNRISE LANE	BUCKEYE	AZ	85396
7021 2720 0002 5545 6686	9/23/2022	HUMPHREYS #1	OVERRIDING ROYALTY	MARY FRANCES SNURE	1907 WOODLAWN	MIDLAND	TX	79705
7021 2720 0002 5545 6693	9/23/2022	HUMPHREYS #1	WORKING	MEMORIAL MINERALS, INC.	11060 TIMBERLINE RD	HOUSTON	TX	77043
7021 2720 0002 5545 6709	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	MICHAEL ELIJAH LAMBERT	2813 SCOTIA BLUFF LOOP	AUSTIN	TX	78748
7021 2720 0002 5545 6716	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	NATHAN EDWARD LAMBERT, c/o ELANA CHRISTINE RENZ, POA	4624 NORMAN TRL	AUSTIN	TX	78749
7021 2720 0002 5545 6723	9/23/2022	SHOLES A #1, SHOLES A #8, SHOLES B 25 #1	ROYALTY	OFFICE OF NATURAL RESOURCES REVENUE	P O BOX 25627	DENVER	CO	80225
7021 2720 0002 5545 7135	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	OXY USA WTP, LP	5 GREENWAY PLAZA, SUITE 110	HOUSTON	TX	77046
7021 2720 0002 5545 7142	9/23/2022	HUMPHREYS #1	ROYALTY	PROVIDENT ENERGY, LTD	P O BOX 41106	HOUSTON	TX	77241
7021 2720 0002 5545 7159	9/23/2022	SHOLES B 25 #1	OVERRIDING ROYALTY	RAM ENERGY, LLC	P O BOX 258849	OKLAHOMA CITY	OK	73125
7021 2720 0002 5545 7166	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	RANDY H MCPHERSON	4710 E LOOP 250N	MIDLAND	TX	79705
7021 2720 0002 5545 7173	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	RANDY HAPGOOD ESTATE	3705 MAPLEWOOD AVENUE	WICHITA FALLS	TX	76308
7021 2720 0002 5545 7180	9/23/2022	SHOLES A #1, SHOLES A #8, SHOLES B 25 #1	OVERRIDING ROYALTY	RJR RESOURCES	223 WEST WALL ST., SUITE 600	MIDLAND	TX	79701
7021 2720 0002 5545 7197	9/23/2022	W T Joyner #1	ROYALTY	STATE OF NEW MEXICO	310 OLD SANTA FE TRAIL	SANTA FE	NM	87504
7021 2720 0002 5545 7203	9/23/2022	HUMPHREYS #1	OVERRIDING ROYALTY	T.J. BROWN	P O BOX 50370	MIDLAND	TX	79710

**Affidavit of Publication**

STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

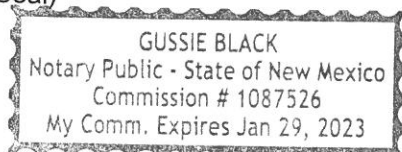
Beginning with the issue dated  
September 28, 2022  
and ending with the issue dated  
September 28, 2022.

  
Publisher

Sworn and subscribed to before me this  
28th day of September 2022.

  
Business Manager

My commission expires  
January 29, 2023  
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

**LEGAL NOTICE**  
**September 28, 2022**

**Surface Project Affidavit**

Lindley, Sholes, WT Joyner, Humphreys

Commingle Notification: Interested parties must file objections or requests for hearing in writing with the Oil Conservation Division Santa Fe office within 20 days after publication, or the division may approve the application.

FAE II Operating, LLC  
11757 Katy Freeway, Suite 725  
Houston, TX 77079  
832-241-8080

Brittney Storfa  
Location: T25S-36E, Section 25  
Facility Location: T25S-36E, Section 25: Unit Letter B

Lindley #2 – API: 30-025-09824  
Lindley #1 – API: 30-025-09825  
W T Joyner #1 – API: 30-025-09826  
Humphreys #1 – API: 30-025-09815  
Sholes B 25 #1 – API: 30-025-09812  
Sholes A #1 – API: 30-025-09795  
Sholes A #8 – API: 30-025-27510  
Commingle production is pooled from the [33820] Jalmat; Tan-Yates-7 Rvrs and [33820] Jalmat; Tan-Yates-7 Rvrs  
#38064

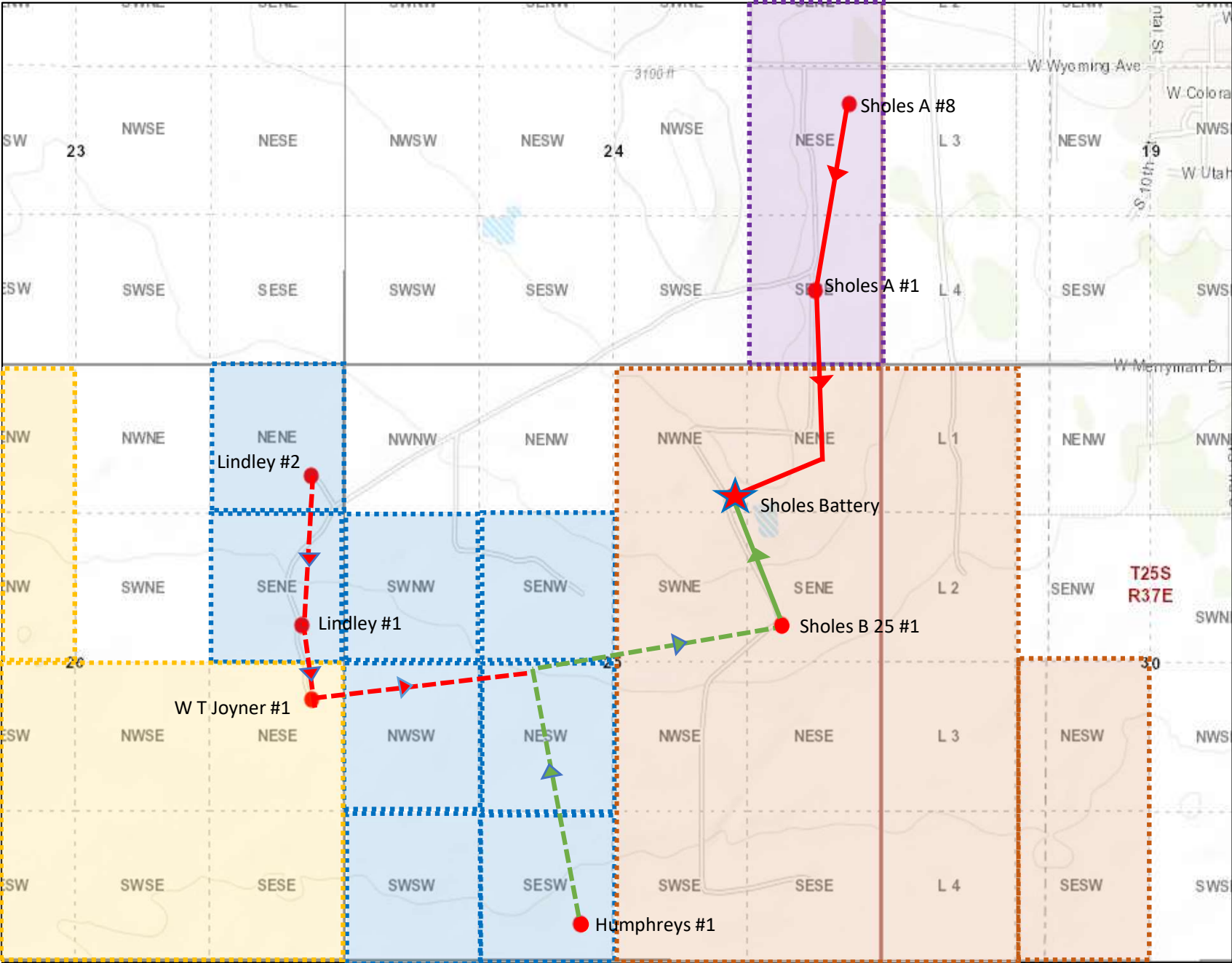
67115951

00271499

MARITZA SANTANA  
FORTY ACRES ENERGY  
11757 KATY FREEWAY, STE 725  
HOUSTON, TX 77079

# Sholes Battery

Legal Location: Section 25, T-25S, R-36E



## LEGEND

### Wells & Batteries

- ★ Sholes Battery
- Lindley #2 API: 30-025-09824
- Lindley #1 API: 30-025-09825
- W T Joyner #1 API: 30-025-09826
- Humphreys #1 API: 30-025-09815
- Sholes B 25 #1 API: 30-025-09812
- Sholes A #1 API: 30-025-09795
- Sholes A #8 API: 30-025-27510

### Flowlines

- Existing 2-inch Gas Flowline  
Distance: 4,700 Feet
- - - Proposed 2-inch Gas Flowline  
Distance: 4,800 Feet
- Existing 3-inch 3-Phase Flowline  
Distance: 1,300 Feet
- - - Proposed 3-inch 3-Phase Flowline  
Distance: 4,500 Feet

### Leases

- ▤ Private Lease
- ▤ BLM Lease: NMLC 0030554A
- ▤ BLM Lease: NMLC 0032581B
- ▤ BLM Lease: NMLC 0032581A



# faeIIoperating

September 16, 2022

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**



**Re: Application of FAE II Operating, LLC for Administrative Approval to Surface Commingle and Sell Gas Production from the Jalmat; Tan-Yates-7 RVRs Pool for the Lindley #2, Lindley #1, W T Joyner #1, Humphreys #1, Sholes B 25 #1, Sholes A #1 and the Sholes A #8 well at the Sholes Battery located in Unit H, Sec. 25, T-25S, R-36E, Lea County, New Mexico**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which will be filed with the New Mexico Oil Conservation Division. Any objection to this application must be filed in writing within twenty (20) days from the date the application is received at the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. If no objection is received within this twenty (20) day period, this application may be approved administratively by the Division.

If you have any questions about this application, please feel free to contact the undersigned by email at [brittney@faenergyus.com](mailto:brittney@faenergyus.com) or by telephone at (832) 241-8080.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Brittney".

**FAE II Operating, LLC**

# faeIIoperating

September 16, 2022

## 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 Jalmat; Tan-Yates-7 RVRs Pool for the Lindley #2, Lindley #1, W T Joyner #1, Humphreys #1, Sholes B 25 #1, Sholes A #1 and the Sholes A #8 well at the Sholes Battery located in Unit H, Sec. 25, T-25S, 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 Sholes lease located in Section 25 of Township 25S, Range 36E as shown on the map in Exhibit A. The lease is also identified by outline and legend. Exhibit B offers further detail on the relevant 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 Lindley #2, Lindley #1, W T Joyner #1 and tie into the gas sales meter at the Sholes B 25 #1.

After a review of internal records, the interest owners are not identical for the wells mentioned above. As such, we have notified all relevant parties of our intent to commingle production (see attached letter). The working, royalty, and overriding royalty interest owners as shown in the attached xcel have been notified of this application by certified mail. Copies of the certified mail receipts are attached.

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 [brittney@faenergyus.com](mailto:brittney@faenergyus.com) or by telephone at (832) 241-8080.

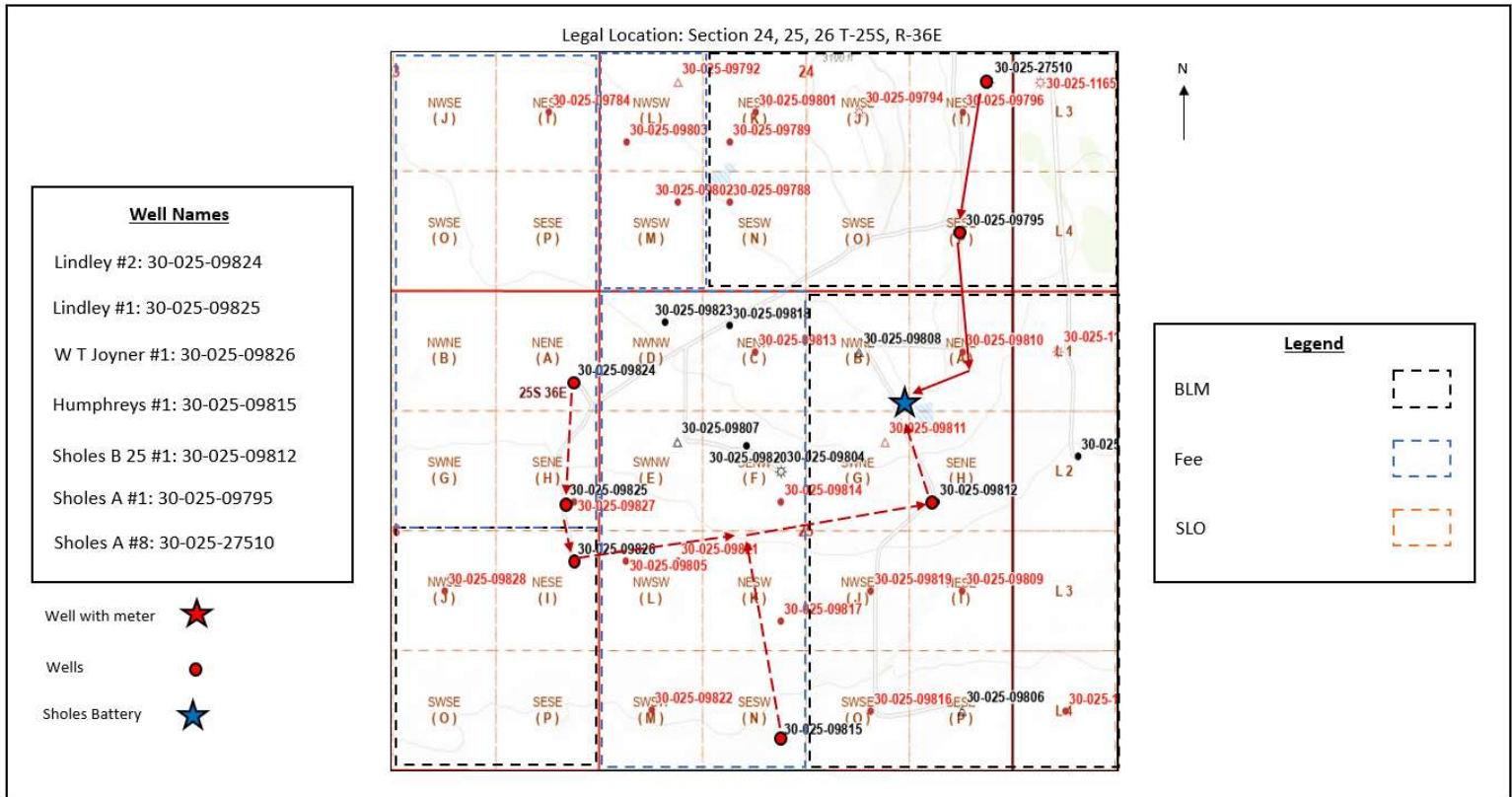
Very truly yours,



**FAE II Operating, LLC**

# faeIoperating

## Exhibit A – Lease Boundaries Map



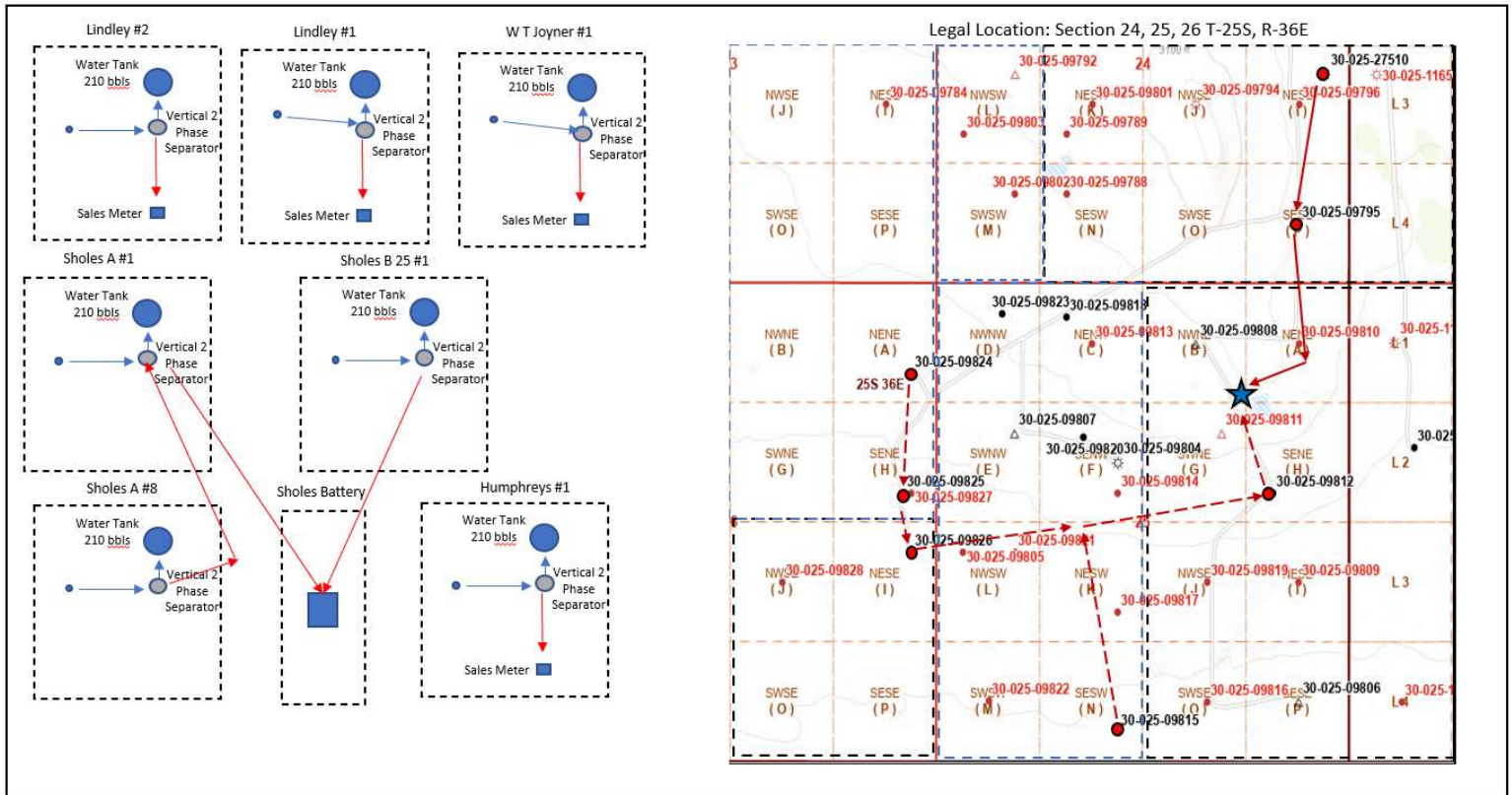
## Exhibit B – Lease and Well Information

Well Name	Property No.	API #	Pool ID
Lindley #2	329929	30-025-09824	[33820] Jalmat; Tan-Yates-7 Rvrs
Lindley #1	329929	30-025-09825	[33820] Jalmat; Tan-Yates-7 Rvrs
W T Joyner #1	329849	30-025-09826	[33820] Jalmat; Tan-Yates-7 Rvrs
Humphreys #1	329834	30-025-09815	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes B 25 #1	329847	30-025-09812	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes A #1	329845	30-025-09795	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes A #8	329845	30-025-27510	[79240] Jalmat; Tan-Yates-7 Rvrs



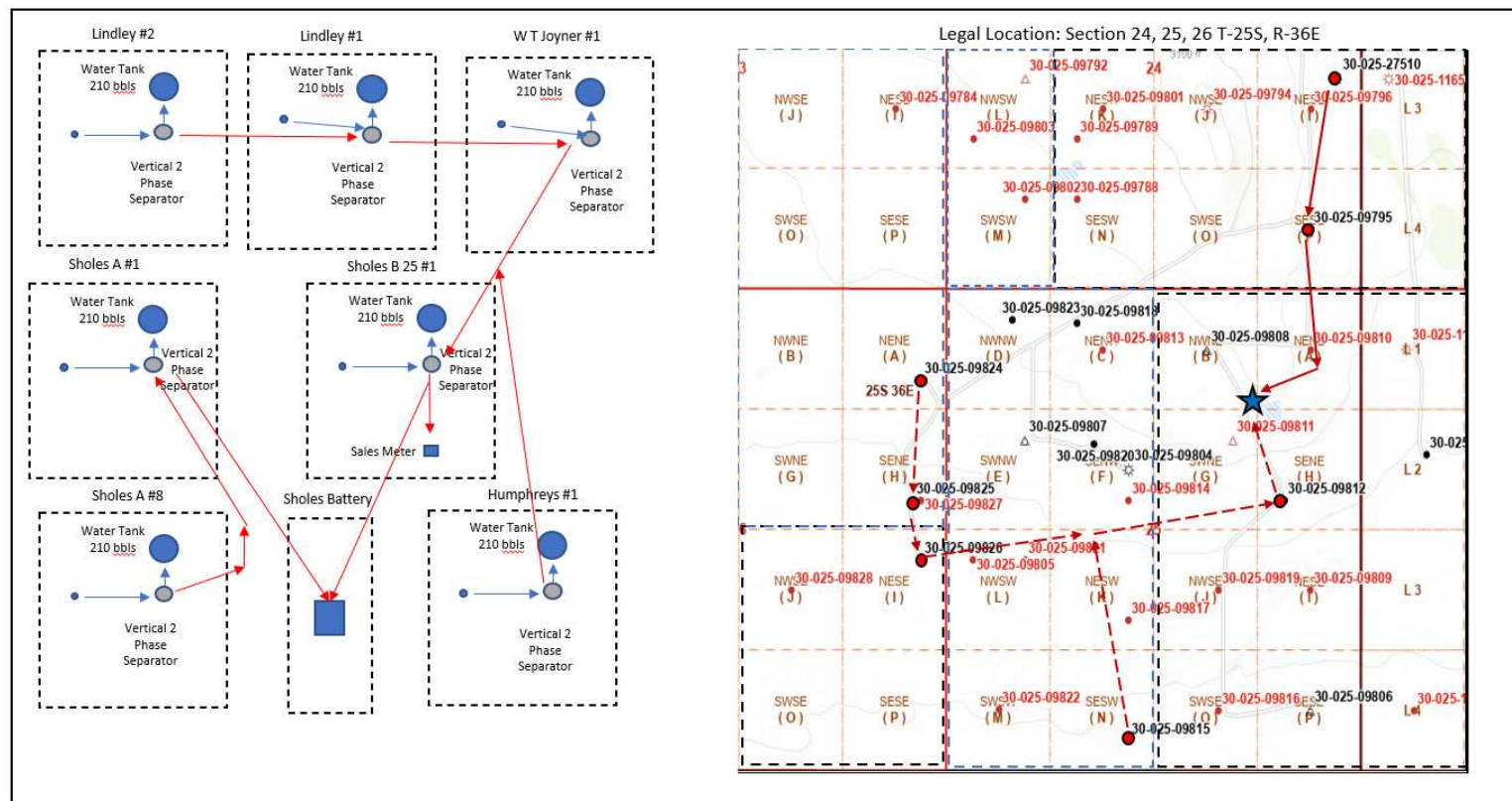
# faeIoperating

## Exhibit C – Current Facility Layout



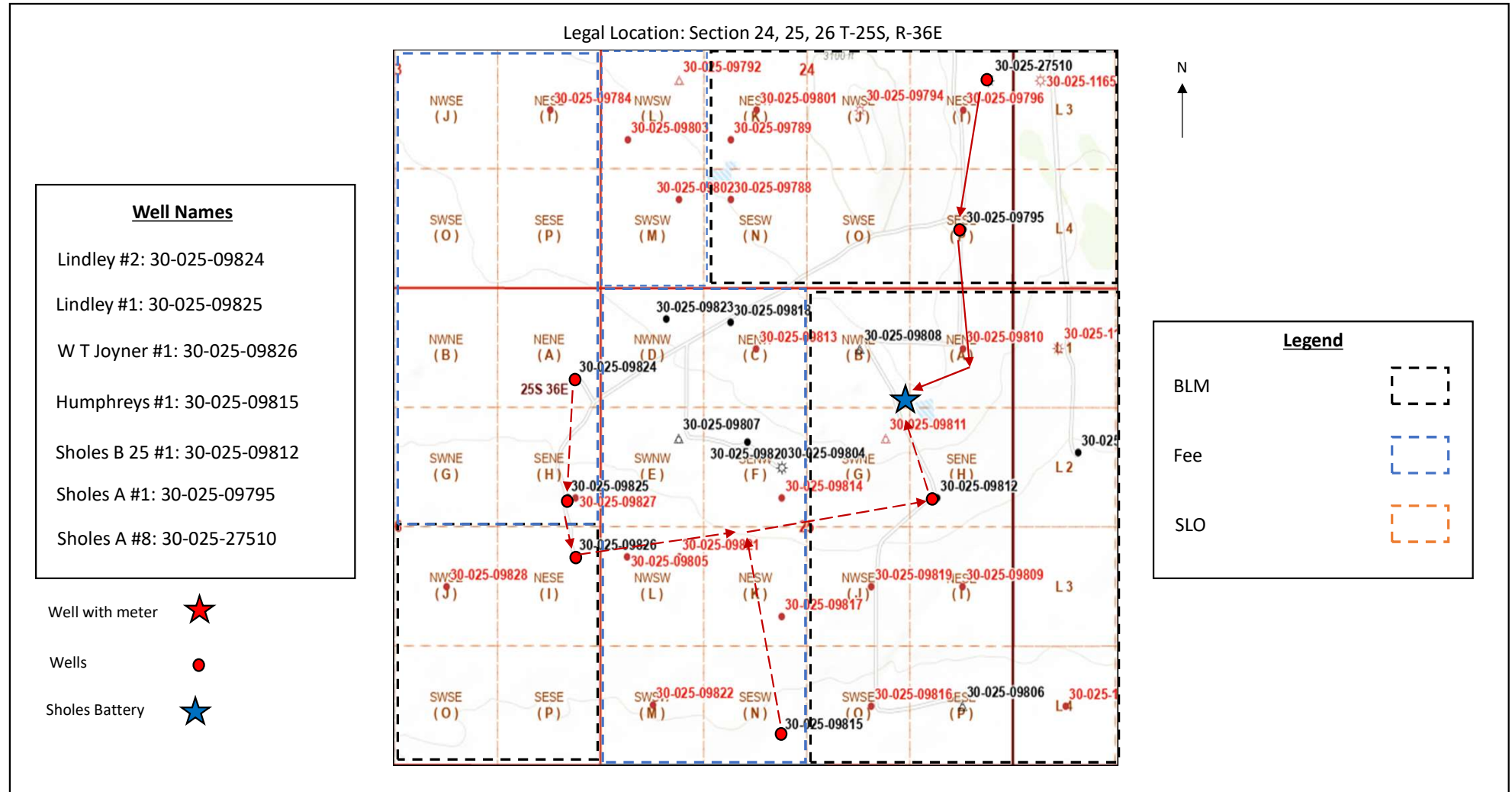
# faeIIoperating

## Exhibit D – Proposed Facility Layout



Create Exhibit A

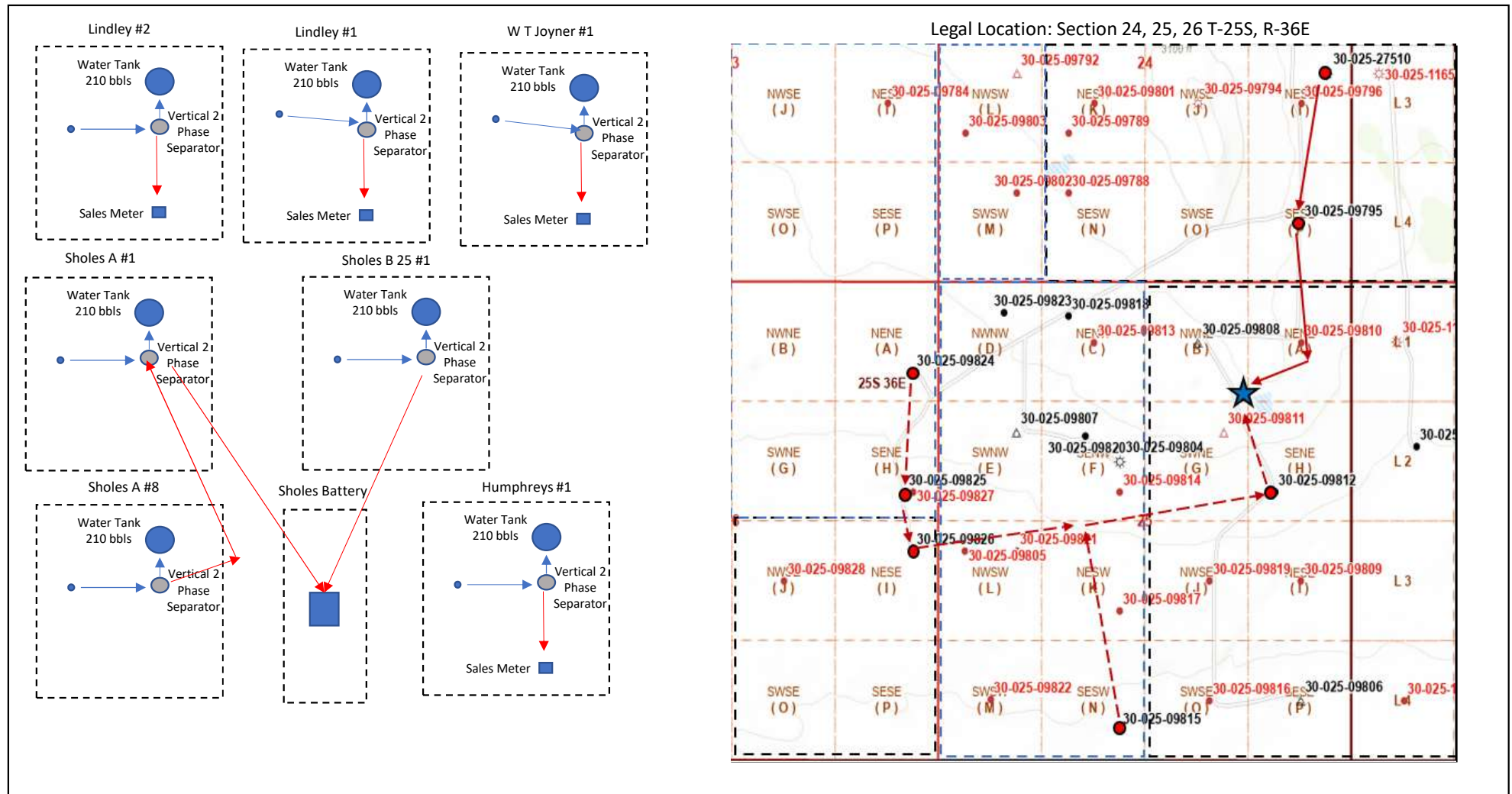
Lease Boundaries Map





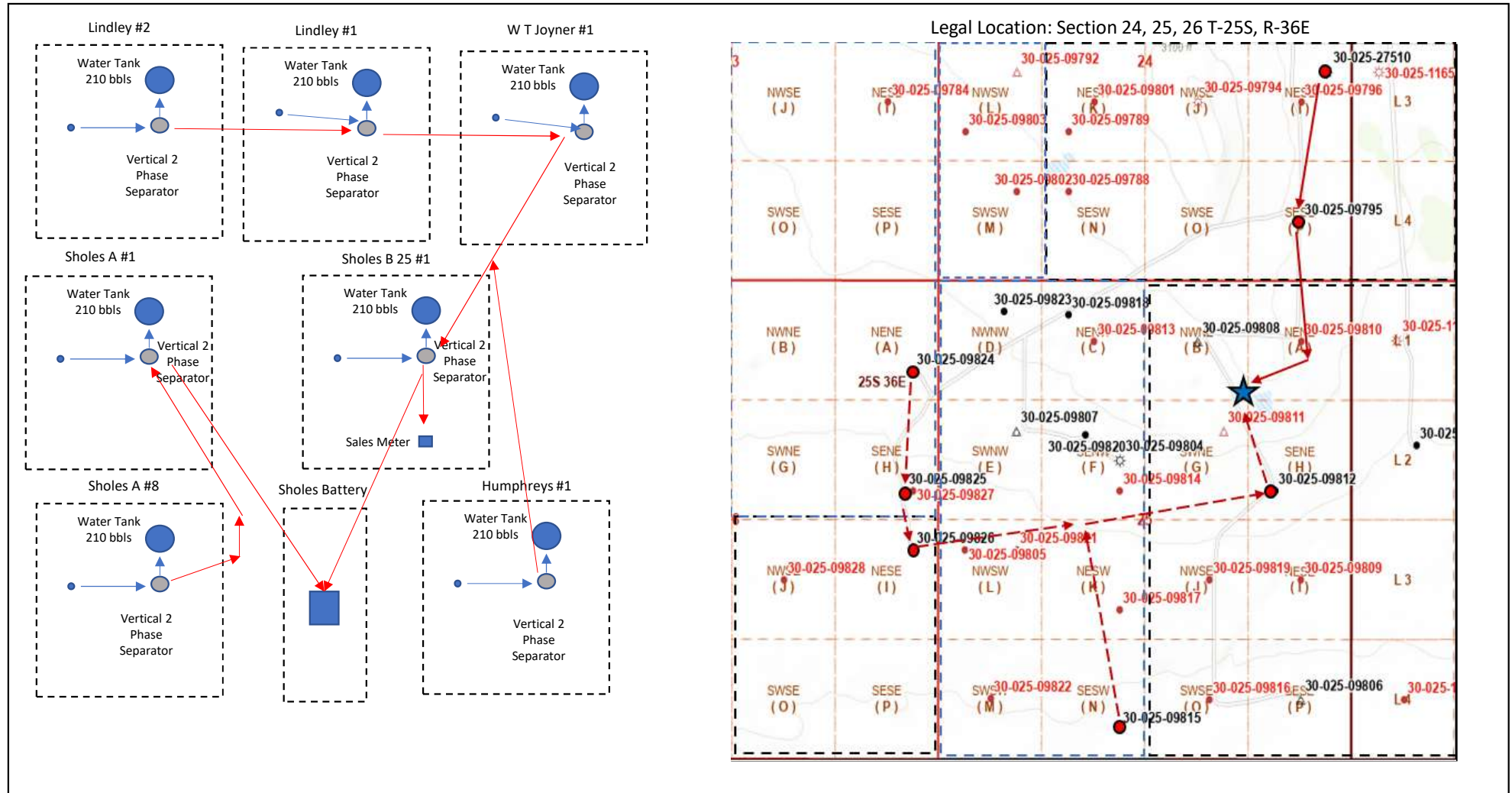
Create Exhibit C

Current Facility Layout



Create Exhibit D

Proposed Facility Layout



Certified Tracking Number	Date Mailed	Well Names	Ownership Type	Name	Address	City	State	ZIP
7021 2720 0002 5545 9717	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	ANNABELL S AMES	424 IVY LN	SAN ANTONIO	TX	78209
7021 2720 0002 5545 9762	9/23/2022	SHOLES A #1, SHOLES A #8	OVERRIDING ROYALTY	APACHE CORPORATION	P O BOX 840133	DALLAS	TX	75284
7021 2720 0002 5545 9779	9/23/2022	SHOLES A #1, SHOLES A #8, SHOLES B 25 #1	OVERRIDING ROYALTY	BP AMERICA PRODUCTION CO.	P O BOX 277897	ATLANTA	GA	30384
7021 2720 0002 5545 9724	9/23/2022	HUMPHREYS #1	ROYALTY	BURLINGTON RESOURCES OIL & GAS CO., LP	925 N. ELDRIDGE PARKWAY	HOUSTON	TX	77079
7021 2720 0002 5545 9786	9/23/2022	HUMPHREYS #1	WORKING	COMMUNITY MINERALS, LLC.	2925 RICHMOND AVE, SUITE 1200	HOUSTON	TX	77098
7021 2720 0002 5545 9793	9/23/2022	SHOLES A #1, SHOLES A #8, SHOLES B 25 #1	OVERRIDING ROYALTY	CONOCO PHILLIPS	925 N. ELDRIDGE PARKWAY	HOUSTON	TX	77079
	9/23/2022	SHOLES A #1, SHOLES A #8	OVERRIDING ROYALTY	DANIEL MEINERS	NO ADDRESS	NO ADDRESS	NO	NO
7021 2720 0002 5545 9809	9/23/2022	HUMPHREYS #1	OVERRIDING ROYALTY	DECHICCHIS TRUST #2164	P O BOX 840738	DALLAS	TX	75284
7021 2720 0002 5545 9618	9/23/2022	SHOLES A #1, SHOLES A #8	OVERRIDING ROYALTY	DOUGLAS POWELL	P O BOX 651	CORNVILLE	AZ	86325
7021 2720 0002 5545 9748	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	EDDIE LINDLEY	850 COUNTY RD 4981	DESDEMONA	TX	76445
7021 2720 0002 5545 9625	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	ELANA CHRISTINE LAMBERT RENZ	6105 PRAIRIE RIDGE DR	MIDLAND	TX	79707
7021 2720 0002 5545 9632	9/23/2022	HUMPHREYS #1	ROYALTY	ELLIOTT HALL COMPANY, LP	P O BOX 1231	OGDEN	UT	84402
7021 2720 0002 5545 9755	9/23/2022	HUMPHREYS #1	ROYALTY	ELLIOTT INDUSTRIES	P O BOX 1328	SANTA FE	NM	87504
7021 2720 0002 5545 9656	9/23/2022	LINDLEY #1, LINDLEY #2	OVERRIDING ROYALTY	EXXON COMPANY USA	P O BOX 840780	DALLAS	TX	75284
7021 2720 0002 5545 9670	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	EXXON COMPANY USA	P O BOX 840780	DALLAS	TX	75284
7021 2720 0002 5545 9663	9/23/2022	HUMPHREYS #1	ROYALTY	GEORGE V. HOLMES, TRUSTEE	P O BOX 237	GONZALES	TX	78629
7021 2720 0002 5545 9670	9/23/2022	HUMPHREYS #1, LINDLEY #1, LINDLEY #2	ROYALTY	GONZALES ROYALTIES, INC.	P O BOX 237	GONZALES	TX	78629
7021 2720 0002 5545 9687	9/23/2022	SHOLES A #1, SHOLES A #8	OVERRIDING ROYALTY	HAROLD W POWELL	9365 VALLEJO DR.	ORANGEVALE	CA	95662
7021 2720 0002 5545 9694	9/23/2022	HUMPHREYS #1	WORKING	HOU-TEX EXPLORATION, INC.	11060 TIMBERLINE RD	HOUSTON	TX	77043
7021 2720 0002 5545 7234	9/23/2022	HUMPHREYS #1	ROYALTY	JV ROYALTY GROUP	P O BOX 2035	ROSWELL	NM	88202
7021 2720 0002 5545 7241	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	LARRY D FINCH TR	P O BOX 237	GONZALES	TX	78629
7021 2720 0002 5545 7258	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	LAUREN H STRUBAR	815 BROOKS HOLLOW	AUSTIN	TX	78734
7021 2720 0002 5545 7265	9/23/2022	HUMPHREYS #1, LINDLEY #1, LINDLEY #2	ROYALTY	LEXINGTON OIL COMPANY	P O BOX 237	GONZALES	TX	78629
7021 2720 0002 5545 7272	9/23/2022	HUMPHREYS #1	OVERRIDING ROYALTY	M.J. MOURNE, JR.	21380 W. SUNRISE LANE	BUCKEYE	AZ	85396
7021 2720 0002 5545 6686	9/23/2022	HUMPHREYS #1	OVERRIDING ROYALTY	MARY FRANCES SNURE	1907 WOODLAWN	MIDLAND	TX	79705
7021 2720 0002 5545 6693	9/23/2022	HUMPHREYS #1	WORKING	MEMORIAL MINERALS, INC.	11060 TIMBERLINE RD	HOUSTON	TX	77043
7021 2720 0002 5545 6709	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	MICHAEL ELIJAH LAMBERT	2813 SCOTIA BLUFF LOOP	AUSTIN	TX	78748
7021 2720 0002 5545 6716	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	NATHAN EDWARD LAMBERT, c/o ELANA CHRISTINE RENZ, POA	4624 NORMAN TRL	AUSTIN	TX	78749
7021 2720 0002 5545 6723	9/23/2022	SHOLES A #1, SHOLES A #8, SHOLES B 25 #1	ROYALTY	OFFICE OF NATURAL RESOURCES REVENUE	P O BOX 25627	DENVER	CO	80225
7021 2720 0002 5545 7135	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	OXY USA WTP, LP	5 GREENWAY PLAZA, SUITE 110	HOUSTON	TX	77046
7021 2720 0002 5545 7142	9/23/2022	HUMPHREYS #1	ROYALTY	PROVIDENT ENERGY, LTD	P O BOX 41106	HOUSTON	TX	77241
7021 2720 0002 5545 7159	9/23/2022	SHOLES B 25 #1	OVERRIDING ROYALTY	RAM ENERGY, LLC	P O BOX 258849	OKLAHOMA CITY	OK	73125
7021 2720 0002 5545 7166	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	RANDY H MCPHERSON	4710 E LOOP 250N	MIDLAND	TX	79705
7021 2720 0002 5545 7173	9/23/2022	LINDLEY #1, LINDLEY #2	ROYALTY	RANDY HAPGOOD ESTATE	3705 MAPLEWOOD AVENUE	WICHITA FALLS	TX	76308
7021 2720 0002 5545 7180	9/23/2022	SHOLES A #1, SHOLES A #8, SHOLES B 25 #1	OVERRIDING ROYALTY	RJR RESOURCES	223 WEST WALL ST., SUITE 600	MIDLAND	TX	79701
7021 2720 0002 5545 7197	9/23/2022	W T Joyner #1	ROYALTY	STATE OF NEW MEXICO	310 OLD SANTA FE TRAIL	SANTA FE	NM	87504
7021 2720 0002 5545 7203	9/23/2022	HUMPHREYS #1	OVERRIDING ROYALTY	T.J. BROWN	P O BOX 50370	MIDLAND	TX	79710



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:** F&E II Operating, LLC **OGRID Number:** 329326  
**Well Name:** Sholes B 25 #1 **API:** 30-025-09812  
**Pool:** [33820] Jalmat; Tan-Yates-7 Rvrs **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 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 Storfa10/6/2022Date(832) 241- 8080Phone Numberbrittney@faenergyus.come-mail Address

Print or Type Name

Signature

**From:** [Vanessa Neal](#)  
**To:** [Clelland, Sarah, EMNRD](#)  
**Subject:** [EXTERNAL] RE: Action ID 147747  
**Date:** Friday, August 22, 2025 10:07:47 AM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[147747 Full Application 2022 10 06.pdf](#)  
[Lease Map\\_Sholes Battery.pdf](#)

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

Good morning Sarah,

I apologize for the poor labeling in the original submission, I have attached 'Lease Map\_Sholes Battery.pdf' to replace the Exhibit A map on page 7 in the full application that previously only designated BLM, FEE & SLO leases in dotted lines. The updated map more clearly defines the affected leases, well/battery placement and proposed lines.

Exhibit B is found on the bottom half of page 4 in the full application (see attached) I have copied the table below for convenience. The table includes the 7 wells intended to be surface commingled, their corresponding property number, APIs and pool IDs. Although all wells are producing from the same formations, the Sholes A #008 is producing from a different pool than the other wells.

#### Exhibit B – Lease and Well Information

Well Name	Property No.	API #	Pool ID
Lindley #2	329929	30-025-09824	[33820] Jalmat; Tan-Yates-7 Rvrs
Lindley #1	329929	30-025-09825	[33820] Jalmat; Tan-Yates-7 Rvrs
W T Joyner #1	329849	30-025-09826	[33820] Jalmat; Tan-Yates-7 Rvrs
Humphreys #1	329834	30-025-09815	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes B 25 #1	329847	30-025-09812	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes A #1	329845	30-025-09795	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes A #8	329845	30-025-27510	[79240] Jalmat; Tan-Yates-7 Rvrs

F&E uses regular well tests to allocate production. Our latest well tests are displayed below. The following tables show the current gas allocation between wells, leases, and pools:

Well Name	API	Property No	Pool ID	Well Tests (mcfpd)	Well Gas Allocation
Lindley #2	30-025-09824	329929	[33820] Jalmat; Tan-Tates-7 RVRs	8	8.89%
Lindley #1	30-025-09825	329929	[33820] Jalmat; Tan-Tates-7 RVRs	4	4.44%
W T Joyner #1	30-025-09826	329849	[33820] Jalmat; Tan-Tates-7 RVRs	4	4.44%
Humphreys #1	30-025-09815	329834	[33820] Jalmat; Tan-Tates-7 RVRs	6	6.67%
Sholes B 25 #1	30-025-09812	329847	[33820] Jalmat; Tan-Tates-7 RVRs	17	18.89%
Sholes A #1	30-025-09795	329845	[33820] Jalmat; Tan-Tates-7 RVRs	21	23.33%
Sholes A #8	30-025-27510	329845	[79240] Jalmat; Tan-Tates-7 RVRs	30	33.34%

Property No	Lease	Well Tests (mcfpd)	Lease Gas Allocation
329929	FEE	12	13.33%

329849	NMLC 0030554A	4	4.44%
329834	FEE	6	6.67%
329847	NMLC 0032581B	17	18.89%
329845	NMLC 0032581A	51	56.67%

Pool ID	Well Tests (mcfpd)	Pool Gas Allocation
[33820] Jalmat; Tan-Tates-7 RVRs	60	66.67%
[79240] Jalmat; Tan-Tates-7 RVRs	30	33.33%

Please let me know if you need any additional documentation or have any questions.

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:** Clelland, Sarah, EMNRD <Sarah.Clelland@emnrd.nm.gov>

**Sent:** Friday, August 22, 2025 9:17 AM

**To:** Vanessa Neal <vanessa@faenergyus.com>

**Subject:** Action ID 147747

To whom it may concern (c/o Vanessa Neal for FAE II),

The Division is reviewing the following application:

<b>Action ID</b>	<b>147747</b>
<b>Admin No.</b>	
<b>Applicant</b>	FAE II
<b>Title</b>	Sholes CTB
<b>Sub. Date</b>	10/06/2022

Please provide the following additional supplemental documents:

- Exhibit B is mentioned but is not within application. Please provide exhibit B. Leases are not shown in any legend in the attached exhibits.
- C-107-B shows all production is from same source of supply. Application states there are 2 pool codes. Please verify and advise.
- Allocation method on C-107-B says other, however, there is no specification on the allocation method FAE plans on using

Please provide additional information regarding the following:

- 

Additional notes:

- 

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.



**COMMENT**

Approval from Division is required prior to conducting work which modifies the well design.

Please contact the Environmental Bureau at [OCD.Enviro@emnrd.nm.gov](mailto:OCD.Enviro@emnrd.nm.gov) for instructions regarding the submittal process for applications of this type.

Thanks,

*Sarah Clelland*

**Petroleum Specialist**

State of New Mexico

Energy, Minerals, and Natural Resources Department

Oil Conservation Division

Cell: (505) 537-0627

[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

**From:** [Vanessa Neal](#)  
**To:** [Clelland, Sarah, EMNRD](#)  
**Subject:** RE: [EXTERNAL] RE: Action ID 147747  
**Date:** Monday, August 25, 2025 4:26:16 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Sample Notice Letter Redacted.pdf](#)

---

Hi Sarah,

Attached is a sample of the notice letter sent by FAE II for this application.

Thank you,  
Vanessa Neal |Sr Reservoir Engineer

**forty acres energy**

O [832.219.0990 \(ext 165\)](#)

C [979.255.3476](#)

---

**From:** Vanessa Neal  
**Sent:** Monday, August 25, 2025 5:09 PM  
**To:** Clelland, Sarah, EMNRD [Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)  
**Subject:** RE: [EXTERNAL] RE: Action ID 147747

Hi Sarah,

Yes, my understanding is that the application is to surface commingle GAS only.

I believe the letter that was referenced in paragraph 3 is actually referring to the Affidavit of Publication (page 11 in the full application). However, I am still looking for the notice that was sent out to individuals; this may take some time as the people that sent out this notice are no longer with FAE II.

Thank you,  
Vanessa Neal |Sr Reservoir Engineer

**forty acres energy**

O [832.219.0990 \(ext 165\)](#)

C [979.255.3476](#)

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**From:** Clelland, Sarah, EMNRD <[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)>  
**Sent:** Monday, August 25, 2025 12:33 PM  
**To:** Vanessa Neal <[vanessa@faenergyus.com](mailto:vanessa@faenergyus.com)>  
**Subject:** RE: [EXTERNAL] RE: Action ID 147747

Also, Please verify that this application is for GAS only?

Thanks,

*Sarah Clelland*

**Petroleum Specialist**  
State of New Mexico  
Energy, Minerals, and Natural Resources Department  
Oil Conservation Division  
Cell: (505) 537-0627  
[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

---

**From:** Clelland, Sarah, EMNRD  
**Sent:** Monday, August 25, 2025 11:18 AM

**To:** Vanessa Neal <[vanessa@faenergyus.com](mailto:vanessa@faenergyus.com)>

**Subject:** RE: [EXTERNAL] RE: Action ID 147747

Hi Vanessa,

Do you happen to have the letter that was sent to the interest owners explaining the project and the timeframe that they had to protest? In paragraph 3 of the notice to Division it says (see attached letter), there is no letter attached.

Thanks,

*Sarah Clelland*

**Petroleum Specialist**

State of New Mexico

Energy, Minerals, and Natural Resources Department

Oil Conservation Division

Cell: (505) 537-0627

[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

---

**From:** Vanessa Neal <[vanessa@faenergyus.com](mailto:vanessa@faenergyus.com)>

**Sent:** Friday, August 22, 2025 10:07 AM

**To:** Clelland, Sarah, EMNRD <[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)>

**Subject:** [EXTERNAL] RE: Action ID 147747

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

Good morning Sarah,

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**Exhibit B – Lease and Well Information**

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Sholes B 25 #1	329847	30-025-09812	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes A #1	329845	30-025-09795	[33820] Jalmat; Tan-Yates-7 Rvrs
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			RVRs		
Lindley #1	30-025-09825	329929	[33820] Jalmat; Tan-Tates-7 RVRs	4	4.44%
W T Joyner #1	30-025-09826	329849	[33820] Jalmat; Tan-Tates-7 RVRs	4	4.44%
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Property No	Lease	Well Tests (mcfpd)	Lease Gas Allocation
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329849	NMLC 0030554A	4	4.44%
329834	FEE	6	6.67%
329847	NMLC 0032581B	17	18.89%
329845	NMLC 0032581A	51	56.67%

Pool ID	Well Tests (mcfpd)	Pool Gas Allocation
[33820] Jalmat; Tan-Tates-7 RVRs	60	66.67%
[79240] Jalmat; Tan-Tates-7 RVRs	30	33.33%

Please let me know if you need any additional documentation or have any questions.

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:** Clelland, Sarah, EMNRD <[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)>

**Sent:** Friday, August 22, 2025 9:17 AM

**To:** Vanessa Neal <[vanessa@faenergyus.com](mailto:vanessa@faenergyus.com)>

**Subject:** Action ID 147747

To whom it may concern (c/o Vanessa Neal for FAE II),

The Division is reviewing the following application:

<b>Action ID</b>	147747
<b>Admin No.</b>	
<b>Applicant</b>	FAE II
<b>Title</b>	Sholes CTB
<b>Sub. Date</b>	10/06/2022

Please provide the following additional supplemental documents:

- Exhibit B is mentioned but is not within application. Please provide exhibit B. Leases are not shown in any legend in the



attached exhibits.

- C-107-B shows all production is from same source of supply. Application states there are 2 pool codes. Please verify and advise.
- Allocation method on C-107-B says other, however, there is no specification on the allocation method FAE plans on using

Please provide additional information regarding the following:

- 

Additional notes:

- 

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

#### **COMMENT**

Approval from Division is required prior to conducting work which modifies the well design.

Please contact the Environmental Bureau at [OCD.Enviro@emnrd.nm.gov](mailto:OCD.Enviro@emnrd.nm.gov) for instructions regarding the submittal process for applications of this type.

Thanks,

*Sarah Clelland*

**Petroleum Specialist**

State of New Mexico

Energy, Minerals, and Natural Resources Department

Oil Conservation Division

Cell: (505) 537-0627

[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

**From:** [Vanessa Neal](#)  
**To:** [Clelland, Sarah, EMNRD](#)  
**Subject:** RE: [EXTERNAL] RE: Action ID 147747  
**Date:** Monday, August 25, 2025 4:09:03 PM  
**Attachments:** [image002.png](#)  
[image003.png](#)

---

Hi Sarah,

Yes, my understanding is that the application is to surface commingle GAS only.

I believe the letter that was referenced in paragraph 3 is actually referring to the Affidavit of Publication (page 11 in the full application). However, I am still looking for the notice that was sent out to individuals; this may take some time as the people that sent out this notice are no longer with FAE II.

Thank you,  
Vanessa Neal |Sr Reservoir Engineer

**forty acres energy**

O [832.219.0990 \(ext 165\)](#)

C [979.255.3476](#)

---

**From:** Clelland, Sarah, EMNRD <Sarah.Clelland@emnrd.nm.gov>  
**Sent:** Monday, August 25, 2025 12:33 PM  
**To:** Vanessa Neal <vanessa@faenergyus.com>  
**Subject:** RE: [EXTERNAL] RE: Action ID 147747

Also, Please verify that this application is for GAS only?

Thanks,

*Sarah Clelland*

**Petroleum Specialist**  
State of New Mexico  
Energy, Minerals, and Natural Resources Department  
Oil Conservation Division  
Cell: (505) 537-0627  
[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

---

**From:** Clelland, Sarah, EMNRD  
**Sent:** Monday, August 25, 2025 11:18 AM  
**To:** Vanessa Neal <[vanessa@faenergyus.com](mailto:vanessa@faenergyus.com)>  
**Subject:** RE: [EXTERNAL] RE: Action ID 147747

Hi Vanessa,

Do you happen to have the letter that was sent to the interest owners explaining the project and the timeframe that they had to protest? In paragraph 3 of the notice to Division it says (see attached letter), there is no letter attached.

Thanks,

*Sarah Clelland*

**Petroleum Specialist**  
State of New Mexico  
Energy, Minerals, and Natural Resources Department  
Oil Conservation Division  
Cell: (505) 537-0627

[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

**From:** Vanessa Neal <[vanessa@faenergyus.com](mailto:vanessa@faenergyus.com)>

**Sent:** Friday, August 22, 2025 10:07 AM

**To:** Clelland, Sarah, EMNRD <[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)>

**Subject:** [EXTERNAL] RE: Action ID 147747

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

Good morning Sarah,

I apologize for the poor labeling in the original submission, I have attached 'Lease Map\_Sholes Battery.pdf' to replace the Exhibit A map on page 7 in the full application that previously only designated BLM, FEE & SLO leases in dotted lines. The updated map more clearly defines the affected leases, well/battery placement and proposed lines.

Exhibit B is found on the bottom half of page 4 in the full application (see attached) I have copied the table below for convenience. The table includes the 7 wells intended to be surface commingled, their corresponding property number, APIs and pool IDs. Although all wells are producing from the same formations, the Sholes A #008 is producing from a different pool than the other wells.

**Exhibit B – Lease and Well Information**

Well Name	Property No.	API #	Pool ID
Lindley #2	329929	30-025-09824	[33820] Jalmat; Tan-Yates-7 Rvrs
Lindley #1	329929	30-025-09825	[33820] Jalmat; Tan-Yates-7 Rvrs
W T Joyner #1	329849	30-025-09826	[33820] Jalmat; Tan-Yates-7 Rvrs
Humphreys #1	329834	30-025-09815	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes B 25 #1	329847	30-025-09812	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes A #1	329845	30-025-09795	[33820] Jalmat; Tan-Yates-7 Rvrs
Sholes A #8	329845	30-025-27510	[79240] Jalmat; Tan-Yates-7 Rvrs

FAE uses regular well tests to allocate production. Our latest well tests are displayed below. The following tables show the current gas allocation between wells, leases, and pools:

Well Name	API	Property No	Pool ID	Well Tests (mcfpd)	Well Gas Allocation
Lindley #2	30-025-09824	329929	[33820] Jalmat; Tan-Tates-7 RVRs	8	8.89%
Lindley #1	30-025-09825	329929	[33820] Jalmat; Tan-Tates-7 RVRs	4	4.44%
W T Joyner #1	30-025-09826	329849	[33820] Jalmat; Tan-Tates-7 RVRs	4	4.44%
Humphreys #1	30-025-09815	329834	[33820] Jalmat; Tan-Tates-7 RVRs	6	6.67%
Sholes B 25 #1	30-025-09812	329847	[33820] Jalmat; Tan-Tates-7 RVRs	17	18.89%
Sholes A #1	30-025-09795	329845	[33820] Jalmat; Tan-Tates-7 RVRs	21	23.33%
Sholes A #8	30-025-27510	329845	[79240] Jalmat; Tan-Tates-7 RVRs	30	33.34%

Property No	Lease	Well Tests (mcfpd)	Lease Gas Allocation

329929	FEE	12	13.33%
329849	NMLC 0030554A	4	4.44%
329834	FEE	6	6.67%
329847	NMLC 0032581B	17	18.89%
329845	NMLC 0032581A	51	56.67%

Pool ID	Well Tests (mcfpd)	Pool Gas Allocation
[33820] Jalmat; Tan-Tates-7 RVRs	60	66.67%
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Please let me know if you need any additional documentation or have any questions.

Thank you,

Vanessa Neal |Sr Reservoir Engineer

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

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<b>Action ID</b>	147747
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<b>Title</b>	Sholes CTB
<b>Sub. Date</b>	10/06/2022

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Please provide additional information regarding the following:

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Additional notes:

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**COMMENT**

Approval from Division is required prior to conducting work which modifies the well design.

Please contact the Environmental Bureau at [OCD.Enviro@emnrd.nm.gov](mailto:OCD.Enviro@emnrd.nm.gov) for instructions regarding the submittal process for applications of this type.

Thanks,

*Sarah Clelland*

**Petroleum Specialist**

State of New Mexico

Energy, Minerals, and Natural Resources Department

Oil Conservation Division

Cell: (505) 537-0627

[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

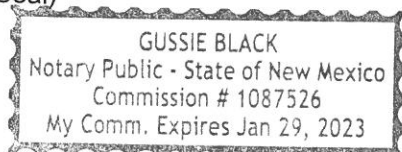
Beginning with the issue dated  
September 28, 2022  
and ending with the issue dated  
September 28, 2022.

  
Publisher

Sworn and subscribed to before me this  
28th day of September 2022.

  
Business Manager

My commission expires  
January 29, 2023  
(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

## LEGAL NOTICE September 28, 2022

### Surface Project Affidavit

Lindley, Sholes, WT Joyner, Humphreys

Commingle Notification: Interested parties must file objections or requests for hearing in writing with the Oil Conservation Division Santa Fe office within 20 days after publication, or the division may approve the application.

FAE II Operating, LLC  
11757 Katy Freeway, Suite 725  
Houston, TX 77079  
832-241-8080

Brittney Storfa  
Location: T25S-36E, Section 25  
Facility Location: T25S-36E, Section 25: Unit Letter B

Lindley #2 – API: 30-025-09824  
Lindley #1 – API: 30-025-09825  
W T Joyner #1 – API: 30-025-09826  
Humphreys #1 – API: 30-025-09815  
Sholes B 25 #1 – API: 30-025-09812  
Sholes A #1 – API: 30-025-09795  
Sholes A #8 – API: 30-025-27510  
Commingle production is pooled from the [33820] Jalmat; Tan-Yates-7 Rvrs and [33820] Jalmat; Tan-Yates-7 Rvrs  
#38064

67115951

00271499

MARITZA SANTANA  
FORTY ACRES ENERGY  
11757 KATY FREEWAY, STE 725  
HOUSTON, TX 77079

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

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

**ORDER NO. PLC-1018**

**ORDER**

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

**FINDINGS OF FACT**

1. FAE II Operating, LLC (“Applicant”) submitted a complete application to surface commingle the gas production from the pools, leases, and wells as described in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the gas production to the pools, leases, and wells to be commingled.
3. Applicant provided notice of the Application to all persons owning an interest in the gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. Applicant certified the commingling of gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the gas production to less than if it had remained segregated.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
7. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10 A.(2) NMAC, 19.15.12.10 C.(4)(c) NMAC, and 19.15.12.10 C.(4)(e) NMAC, as applicable.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9 A.(5) NMAC and 19.15.23.9 A.(6) NMAC, as applicable.
9. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10 B.(1) NMAC or 19.15.12.10 C.(1) NMAC, as applicable.

10. Commingling of gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10 B.(3) NMAC and 19.15.12.10 C.(4)(h) NMAC.
11. 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 surface commingle gas production from the pools, leases, and wells as described in Exhibit A.

Applicant is authorized to store and measure gas production off-lease from the pools, leases, and wells as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. The allocation of gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the gas production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the gas production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the gas production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of



nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

3. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8 B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8 E. NMAC.
4. Applicant shall calibrate the meters used to measure or allocate gas production in accordance with 19.15.12.10 C.(2) NMAC.
5. If the commingling of gas production from any pool, lease, or well reduces the value of the commingled 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 surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose gas production 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. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
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**



**ALBERT CHANG  
DIRECTOR**

**DATE:** 9/2/2025

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **PLC-1018**

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

Central Tank Battery: **Sholes Central Tank Battery (GAS ONLY)**

Central Tank Battery Location: **NE4, Section 25, Township 25 South, Range 36 East**

Gas Title Transfer Meter Location: **NE4, Section 25, Township 25 South, Range 36 East**

### Pools

Pool Name	Pool Code
JALMAT;TAN-YATES-7 RVRS (OIL)	33820
JALMAT;TAN-YATES-7 RVRS (GAS)	79240

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
Fee Lease A	NENE	26-25S-36E
Fee Lease B	SENE	26-25S-36E
Fee Lease C	SWNW	25-25S-36E
Fee Lease D	SENW	25-25S-36E
Fee Lease E	NWSW	25-25S-36E
Fee Lease F	NESW	25-25S-36E
Fee Lease G	SWSW	25-25S-36E
Fee Lease H	SESW	25-25S-36E
BLM Lease NMNM 105446981 (NMLC 0030554A)	W2, SE4	26-25S-36E
BLM Lease NMNM 105647800 (NMLC 0032581B)	E2 W2NW, SW4	25-25S-36E 30-25S-37E
BLM Lease NMNM 105320165 (NMLC 0032581A)	E2E2	24-25S-36E

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-09824	LINDLEY #002	NENE	26-25S-36E	33820
30-025-09825	LINDLEY #001	SENE	26-25S-36E	33820
30-025-09826	W T JOYNER #001	NESE	26-25S-36E	33820
30-025-09815	HUMPHREYS #001	SESW	25-25S-36E	33820
30-025-09812	SHOLES B 25 #001	SENE	25-25S-36E	33820
30-025-09795	SHOLES A #001	SESE	24-25S-36E	33820
30-025-27510	SHOLES A #008	E2E2	24-25S-36E	72940

Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/oecd/contact-us>

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

CONDITIONS

Action 147747

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 147747
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	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 email us at <a href="mailto:OCD.Engineer@emnrd.nm.gov">OCD.Engineer@emnrd.nm.gov</a> .	9/5/2025