87505

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

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	G (DIVERSE	OWNERSHIP)	
OPERATOR NAME: FAE II C	Operating, LLC				70 000
	, , , , , , , , , , , , , , , , , , ,				
APPLICATION TYPE:					
☐ Pool Commingling ☐ Lease Commingling	ng Pool and Lease Co	mmingling Off-Lease	Storage and Measu	rement (Only if not Surfac	e Commingled)
LEASE TYPE: Fee	State				
Is this an Amendment to existing Order	? Yes No If	"Yes", please include	the appropriate (	Order No.	
Have the Bureau of Land Management ⊠Yes □No	(BLM) and State Land	office (SLO) been not	tified in writing	of the proposed comm	ingling
		OL COMMINGLIN			**************************************
	Gravities / BTU of	Calculated Gravities /	1	Calculated Value of	T
(1) Pool Names and Codes	Non-Commingled Production	BTU of Commingled Production	\$/MMBTU	Commingled Production	Volumes
[33820] JALMAT; TAN-YATES-7 RVRS (OIL)	1.3862 BTU		7.70		120 / Month
(GIZ)				\$924/month	
		1.3862			
(2) Are any wells producing at top allowal	bles? □Yes ⊠No				(MMBTU)
(3) Has all interest owners been notified b (4) Measurement type: Metering [2] (5) Will commingling decrease the value of	Other (Specify) - Shut	In Method		ing should be approved	
		SE COMMINGLIN s with the following in			
(1) Pool Name and Code.		8		ALL STATE OF THE S	
(2) Is all production from same source of s					
(3) Has all interest owners been notified by (4) Measurement type: ☐ Metering ☒			⊠Yes □N	O	
	()				
	(C) POOL and LEASE COMMINGLING Please attach sheets with the following information				
Please attach sheets with the following information  (1) Complete Sections A and E.					
(1) Complete Sections A and E.					
(D	OFF-LEASE ST	ORAGE and MEAS	SUREMENT		
, and the second		ts with the following i			
(1) Is all production from same source of s	— —	)	27.52		
(2) Include proof of notice to all interest ov	vners.	11.10			
(E) AD		RMATION (for all		rpes)	
(1) A schematic diagram of facility, includ		with the following in	tormation		
(2) A plat with lease boundaries showing a		ons. Include lease number	rs if Federal or Sta	te lands are involved.	
(3) Lease Names, Lease and Well Numbers				•	
Lhereby certify that the intermediate	true and complete to the	aget of my land 1	I ballac		
I hereby certify that the information above is	and complete to the t	best of my knowledge and	i belief.		
SIGNATURE: Production Engineer DATE: 10/14/2022					
TYPE OR PRINT NAME Brittney Sto			TELEPHONE NO	D.: <u>832-241-8080</u>	_
E-MAIL ADDRESS: brittney@faenergyus	s.com				

## fae∐operating

September 19, 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 A B Coates B #001 well to the B T Lanehart #003 located in Unit D, Sec. 21, T-25S, R-37E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for surface commingling of gas production for its A B Coates B lease located in Section 21 of Township 25S, Range 37E 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 A B Coates B #001 and tie into the gas sales meter at the B T Lanehart #003. The mentioned wells production contribution will be determined using the shut-in method.

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 have been notified of this application by certified mail, please see attached list with tracking numbers. Copies of the certified mail receipts have been attached with this application.

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 or by telephone at (832) 241-8080.

Very truly yours,

FAE II Operating, LLC

## fae I operating

#### Exhibit A - Lease Boundaries Map

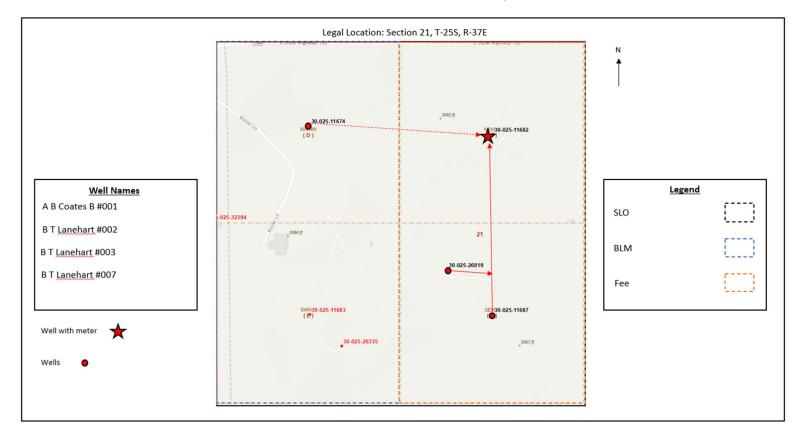
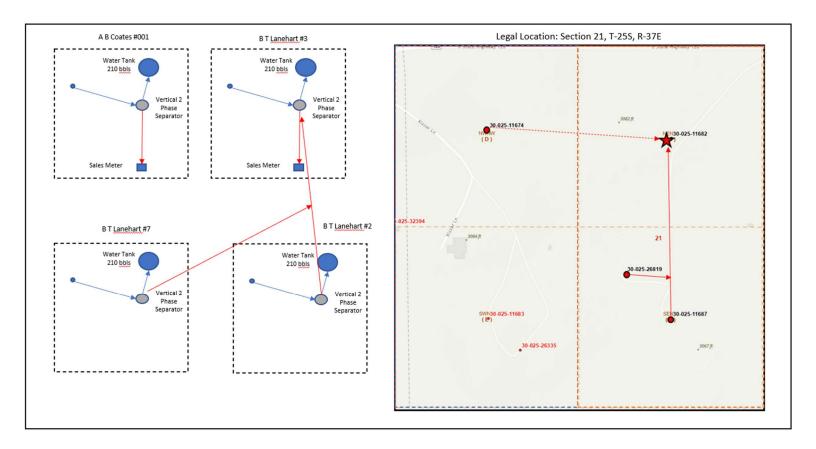


Exhibit B - Lease and Well Information

Well Name	Property No.	API#	Pool ID
A B Coates B #001	329924	30-025-11674	[33820] Jalmat; Tan-Yates-7 Rvrs
B T Lanehart #002	329706	30-025-11687	[33820] Jalmat; Tan-Yates-7 Rvrs
B T Lanehart #003	329706	30-025-11682	[33820] Jalmat; Tan-Yates-7 Rvrs
B T Lanehart #007	329706	30-025-26819	[33820] Jalmat; Tan-Yates-7 Rvrs

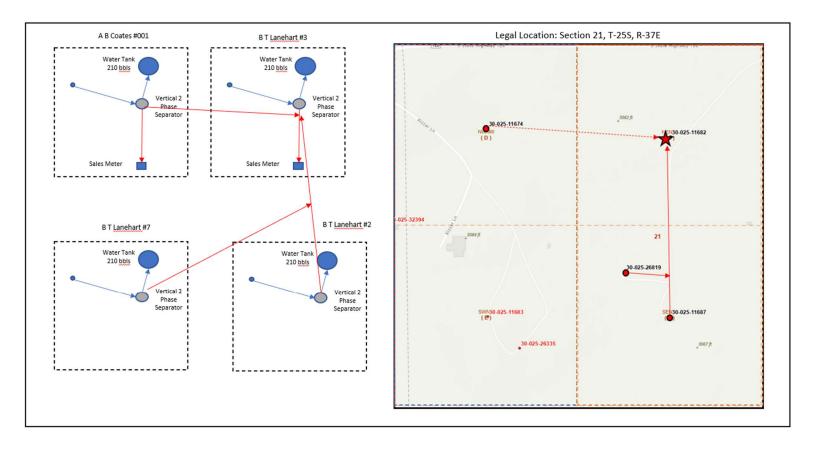
# fae I operating

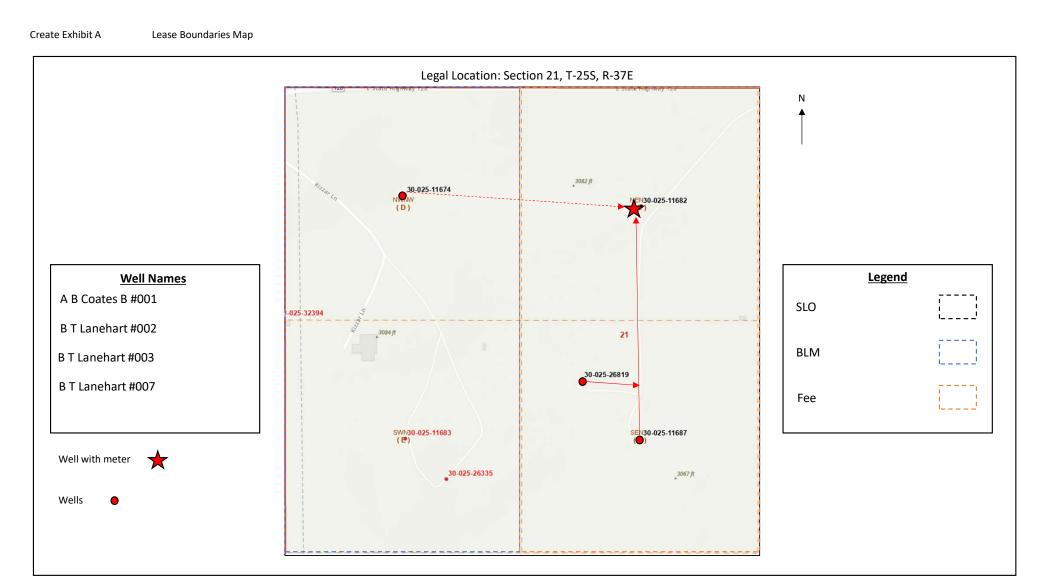
Exhibit C - Current Facility Layout



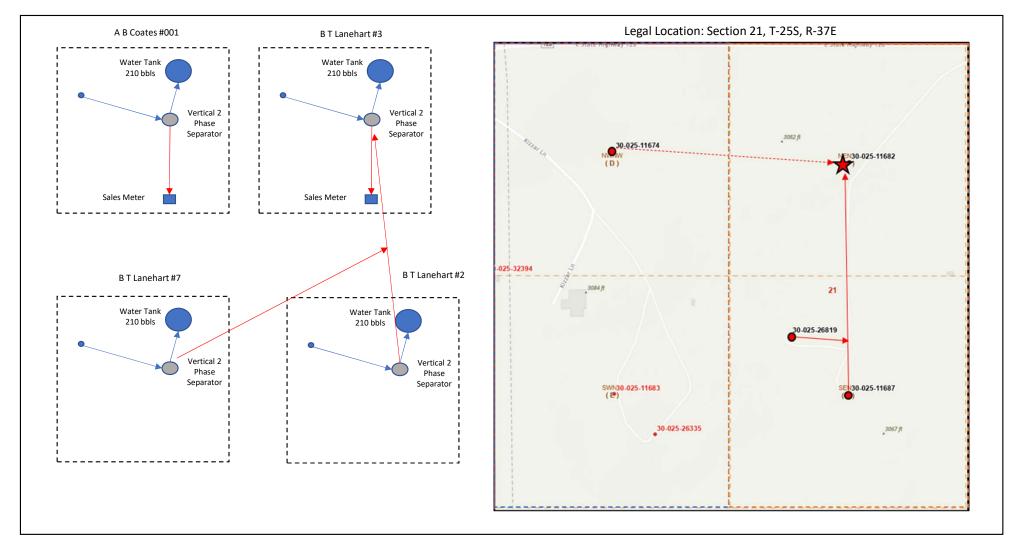
# fae I operating

Exhibit D - Proposed Facility Layout

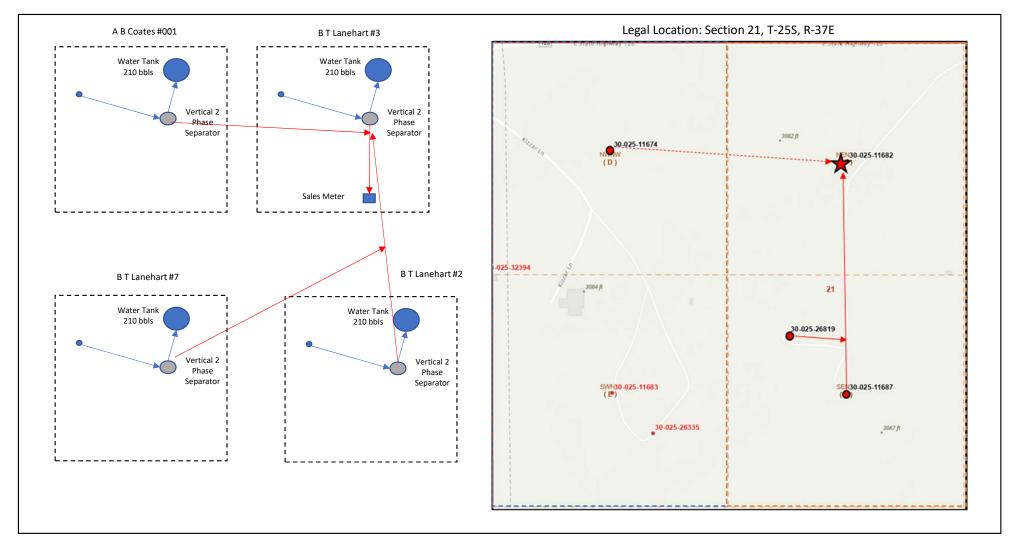


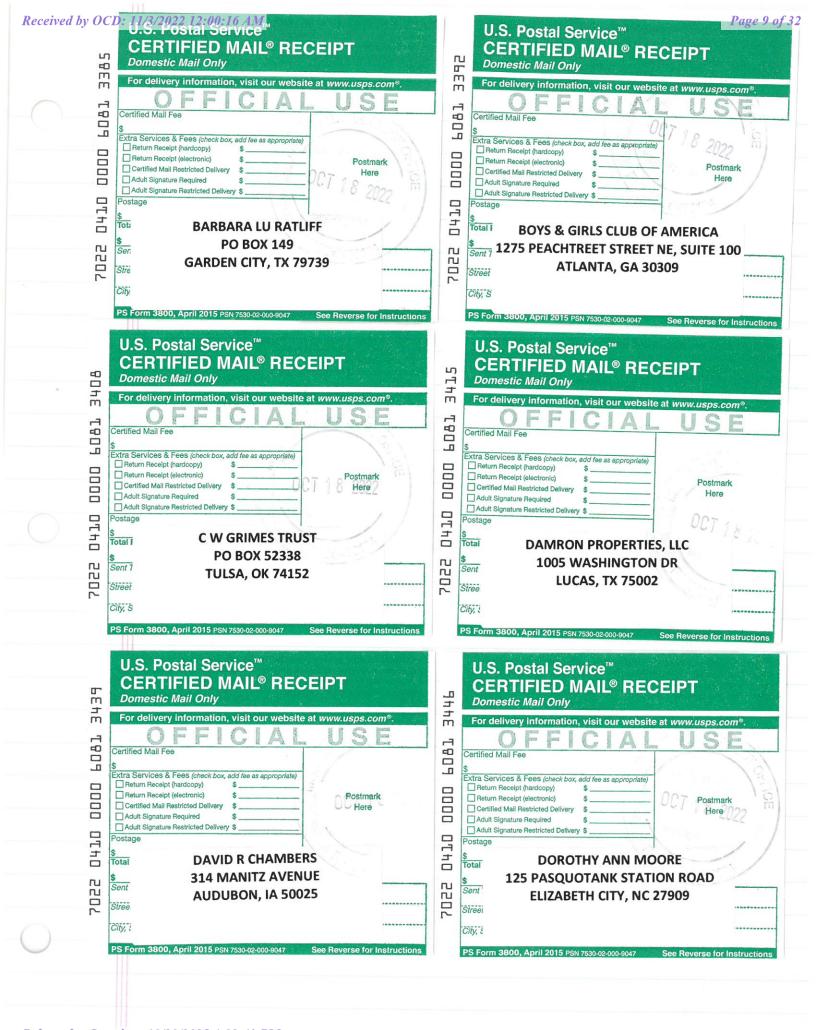


Create Exhibit C Current Facility Layout



Create Exhibit D Proposed Facility Layout





GRAHAM FAMILY INVESTMENTS, LLC,

JIMI S GADZIA REGISTERED AGENT

PO BOX 1835

ROSWELL, NM 88202

PS Form 3800, April 2015 PSN 7530-02-000-9047

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702

PS Form 3800, April 2015 PSN 7530-02-000-9047

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2

GEORGIA SECKER GST EXE TRUST, P

MORGAN CHASE, TRUSTEE

PO DRAWER 99084

FORT WORTH, TX 76161



Stree

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PS Form 3800, April 2015 PSN 7530-02-000-9047

PS Form 3800, April 2015 PSN 7530-02-000-9047

**ENGLEWOOD, CO 80113** 

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City,

70

Street ar

City, Sta

PS Form 3800, April 2015 PSN 7530-02-000-9047

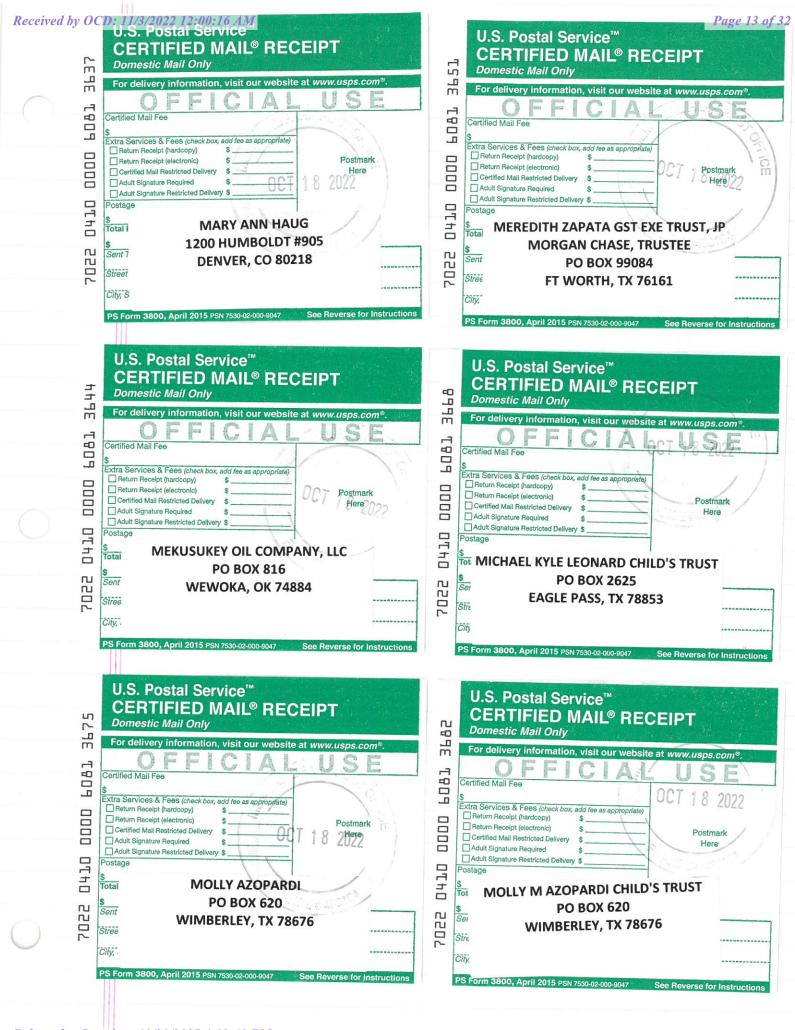
**BOULDER, CO 80307** 

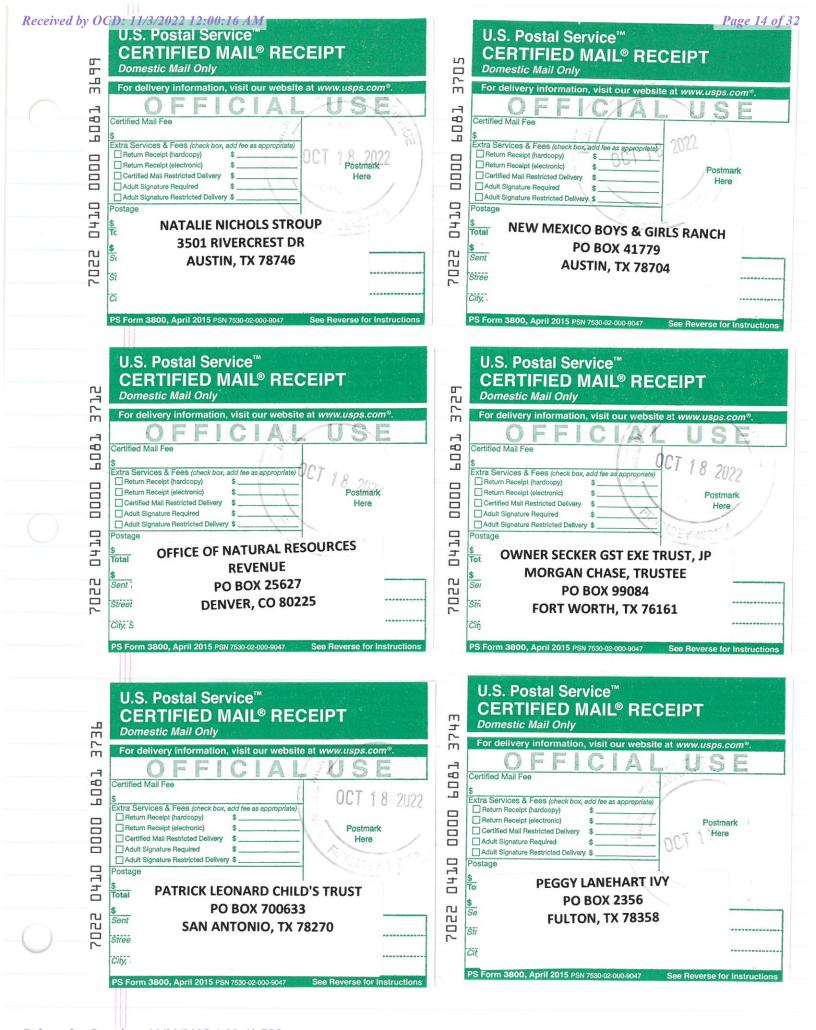
FORT WORTH, TX 76161

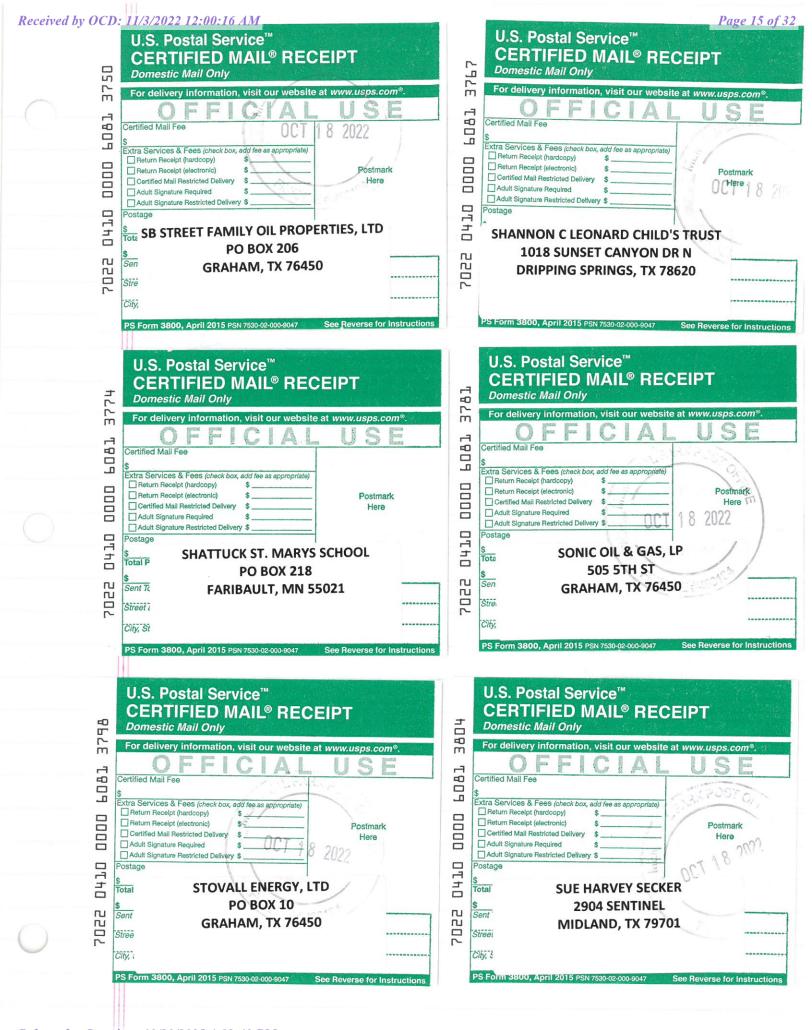
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

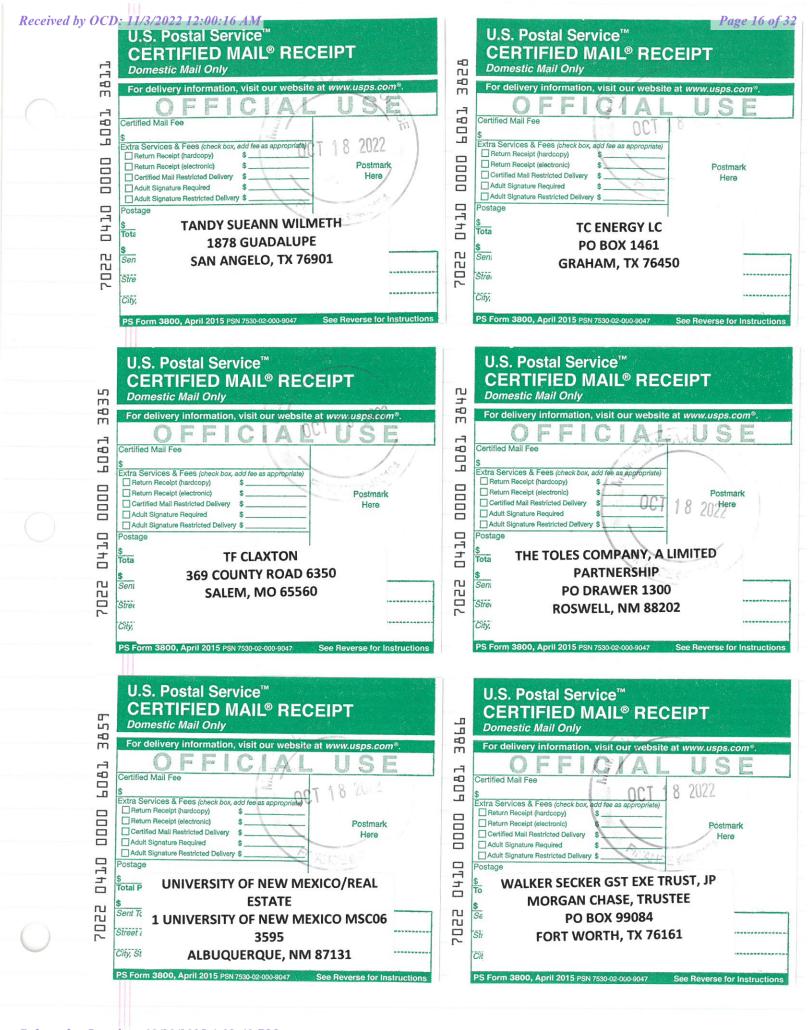
Stre

City,











				• •	
Certified Tracking Number	Date Mailed Name	Address	City	State	ZIP
7022 0410 0000 6181 3385	10/18/2022 BARBARA LU RATLIFF	PO BOX 149	GARDEN CITY	TX	79739
7022 0410 0000 6181 3392	10/18/2022 BOYS & GIRLS CLUB OF AMER	•	ATLANTA	GA	30309
7022 0410 0000 6181 3408	10/18/2022 C W GRIMES TRUST	PO BOX 52338	TULSA	OK	74152
7022 0410 0000 6181 3415	10/18/2022 DAMRON PROPERTIES, LLC	1005 WASHINGTON DR	LUCAS	TX	75002
7022 0410 0000 6181 3439	10/18/2022 DAVID R CHAMBERS	314 MANITZ AVENUE	AUDUBON	IA	50025
7022 0410 0000 6181 3446	10/18/2022 DOROTHY ANN MOORE	125 PASQUOTANK STATION ROAD	ELIZABETH CITY	NC	27909
	FUZARETU ROVIE MAN TRUE	T. FIDST FIN			
7022 0440 0000 6404 2452	ELIZABETH BOYLE MAY TRUS	•	ADUENE	TV	79604
7022 0410 0000 6181 3453	10/18/2022 TRUST & ASSET MGMT CO., N		ABILENE	TX	
7022 0410 0000 6181 3460	10/18/2022 ELKS NATIONAL FOUNDATION		OMAHA	NE	68103
7022 0410 0000 6181 3477	10/18/2022 ELYSE S PATTERSON TRUSTS I		OMAHA	NE	68103
7022 0410 0000 6181 3484	10/18/2022 G E ROGERS, LLC	PO BOX 1424	GRAHAM	TX	76450
7000 0440 0000 6404 0404	GEORGIA SECKER GST EXE TR		FORT WORTH	-TV	76464
7022 0410 0000 6181 3491	10/18/2022 MORGAN CHASE, TRUSTEE	PO DRAWER 99084	FORT WORTH	TX	76161
	GRAHAM FAMILY INVESTMEN	• •			
7022 0410 0000 6181 3507	10/18/2022 GADZIA REGISTERED AGENT	PO BOX 1835	ROSWELL	NM	88202
7022 0410 0000 6181 3514	10/18/2022 HM BETTIS, INC.	PO BOX 1240	GRAHAM	TX	76450
7022 0410 0000 6181 3521	10/18/2022 JACK'S PEAK, LLC	PO BOX 294928	KERRVILLE	TX	78029
7022 0410 0000 6181 3538	10/18/2022 JACLYN MARIE DRINNON	900 N AVENUE C	HASKELL	TX	79521
7022 0410 0000 6181 3545	10/18/2022 JIMMY DAMRON	306 OAK RIDGE AVE	LUBBOCK	TX	79416
7000 0440 0000 6404 0550	40/40/2020 IOF C EREFNANI FREENANIIN	INVESTMENTS OF A SECOND PLANT	5NG 5W005	00	20112
7022 0410 0000 6181 3552	10/18/2022 JOE S FREEMAN, FREEMAN IN		ENGLEWOOD	СО	80113
7022 0410 0000 6181 3569	10/18/2022 JOHN WILLIAM MCDONALD	1301 SUNNYHILL COURT	BETTENDORF	IA	52722
7022 0410 0000 6181 3576	10/18/2022 KELLY HOLLIS BAXTER TRUST		FORT WORTH	TX	76161
7022 0410 0000 6181 3583	10/18/2022 KEVIN K LEONARD CHILD'S TR		MIDLAND	TX	79710
7022 0410 0000 6181 3590	10/18/2022 LANEHART TIBBETS, LLC	248 COUNTRY ROAD 1862	YANTIS	TX	75497
7022 0410 0000 6181 3606	10/18/2022 LEONARD LEGACY ROYALTY,		MIDLAND	TX	79702
	LEVI SECKER GST EXE TRUST,				
7022 0410 0000 6181 3613	10/18/2022 CHASE, TRUSTEE	PO BOX 99084	FORT WORTH	TX	76161
7022 0410 0000 6181 3620	10/18/2022 LML PROPERTIES, LLC	PO BOX 3194	BOULDER	CO	80307
7022 0410 0000 6181 3637	10/18/2022 MARY ANN HAUG	1200 HUMBOLDT #905	DENVER	CO	80218
7022 0410 0000 6181 3651	10/18/2022 MEKUSUKEY OIL COMPANY, I		WEWOKA	OK	74884
	MEREDITH ZAPATA GST EXE 1	•			
7022 0410 0000 6181 3644	10/18/2022 MORGAN CHASE, TRUSTEE	PO BOX 99084	FT WORTH	TX	76161
7022 0410 0000 6181 3668	10/18/2022 MICHAEL KYLE LEONARD CHI		EAGLE PASS	TX	78853
7022 0410 0000 6181 3675	10/18/2022 MOLLY AZOPARDI	PO BOX 620	WIMBERLEY	TX	78676
7022 0410 0000 6181 3682	10/18/2022 MOLLY M AZOPARDI CHILD'S		WIMBERLEY	TX	78676
7022 0410 0000 6181 3699	10/18/2022 NATALIE NICHOLS STROUP	3501 RIVERCREST DR	AUSTIN	TX	78746
7022 0410 0000 6181 3705	10/18/2022 NEW MEXICO BOYS & GIRLS F	RANCH PO BOX 41779	AUSTIN	TX	78704

7022 0410 0000 6181 3712	10/18/2022 OFFICE OF NATURAL RESOURCES REVENUE	PO BOX 25627	DENVER	СО	80225
	OWNER SECKER GST EXE TRUST, JP				
7022 0410 0000 6181 3729	10/18/2022 MORGAN CHASE, TRUSTEE	PO BOX 99084	FORT WORTH	TX	76161
7022 0410 0000 6181 3736	10/18/2022 PATRICK LEONARD CHILD'S TRUST	PO BOX 700633	SAN ANTONIO	TX	78270
7022 0410 0000 6181 3743	10/18/2022 PEGGY LANEHART IVY	PO BOX 2356	FULTON	TX	78358
7022 0410 0000 6181 3750	10/18/2022 SB STREET FAMILY OIL PROPERTIES, LTD	PO BOX 206	GRAHAM	TX	76450
7022 0410 0000 6181 3767	10/18/2022 SHANNON C LEONARD CHILD'S TRUST	1018 SUNSET CANYON DR N	DRIPPING SPRINGS	TX	78620
7022 0410 0000 6181 3774	10/18/2022 SHATTUCK ST. MARYS SCHOOL	PO BOX 218	FARIBAULT	MN	55021
7022 0410 0000 6181 3781	10/18/2022 SONIC OIL & GAS, LP	505 5TH ST	GRAHAM	TX	76450
7022 0410 0000 6181 3978	10/18/2022 STOVALL ENERGY, LTD	PO BOX 10	GRAHAM	TX	76450
7022 0410 0000 6181 3804	10/18/2022 SUE HARVEY SECKER	2904 SENTINEL	MIDLAND	TX	79701
7022 0410 0000 6181 3811	10/18/2022 TANDY SUEANN WILMETH	1878 GUADALUPE	SAN ANGELO	TX	76901
7022 0410 0000 6181 3828	10/18/2022 TC ENERGY LC	PO BOX 1461	GRAHAM	TX	76450
7022 0410 0000 6181 3835	10/18/2022 TF CLAXTON	369 COUNTY ROAD 6350	SALEM	MO	65560
	THE TOLES COMPANY, A LIMITED				
7022 0410 0000 6181 3842	10/18/2022 PARTNERSHIP	PO DRAWER 1300	ROSWELL	NM	88202
7022 0410 0000 6181 3859	10/18/2022 UNIVERSITY OF NEW MEXICO/REAL ESTATI WALKER SECKER GST EXE TRUST, JP	1 UNIVERSITY OF NEW MEXICO MSC06 359	ALBUQUERQUE	NM	87131
7022 0410 0000 6181 3866	10/18/2022 MORGAN CHASE, TRUSTEE WILLIAM JON CURRIE TRUST, BARBARA LU	PO BOX 99084	FORT WORTH	TX	76161
7022 0410 0000 6181 3873	10/18/2022 RATLIFF, TRUSTEE WILLIAM NEEL CURRIE TEST TRUST FBO	PO BOX 65	GARDEN CITY	TX	79739
7022 0410 0000 6181 3880	10/18/2022 WILLIAM JOB CURRIE	PO BOX 65	GARDEN CITY	TX	79739
7022 0410 0000 6181 3897	10/18/2022 ZPZ DELAWARE I, LLC	PO BOX 840133	DALLAS	TX	75284

Tuesday, 9/30/25	Shipment information sent to FedEx     In FedEx possession     Package received after final location pickup has occurred.     Scheduled for pickup next business day.	KATY, TX
Wednesday, 10/1/25	5:17 PM • Picked up  7:15 PM • Arrived at FedEx location  7:17 PM • Shipment arriving On-Time	CYPRESS, TX CYPRESS, TX CYPRESS, TX
Thursday, 10/2/25	3:43 AM • Departed FedEx location  3:48 PM • On the way  10:52 PM • Arrived at FedEx location	CYPRESS, TX  DUMAS, TX  HENDERSON, CO
Friday, 10/3/25	7:28 PM • Departed FedEx location	HENDERSON, CO
Saturday, 10/4/25	5:33 AM • At local FedEx facility	SANTA FE, NM
Monday, 10/6/25	4:44 AM • At local FedEx facility 4:54 AM • On FedEx vehicle for delivery 8:14 AM • Delivered	SANTA FE, NM SANTA FE, NM Santa Fe, NM
Fed Ex. Shipping ~	Tracking ✓ Design & Print ✓ Locations ✓ Support ✓	Q

# Shipment facts

## Shipment overview

TRACKING NUMBER	884803770858
SHIP DATE ?	10/1/25
STANDARD TRANSIT ?	10/6/25
DELIVERED ?	10/6/25 at 8:14 AM

## Services

SERVICE	FedEx Ground
TERMS	Shipper

LB	Package details
----	-----------------

WEIGHT	0.1 lbs / 0.05 kgs
DIMENSIONS	13x9x1 in.
TOTAL PIECES	1
PACKAGING	Package

Released to Imaging: 10/20/2025 4:02:43 PM

RECEIVED:	REVIEWER:	TYPE:	APP NO:	
		ABOVE THIS TABLE FOR OCCIDING  O OIL CONSERVA  al & Engineering  ancis Drive, Santa	ATION DIVISION Bureau –	
		ATIVE APPLICATIO		
THI	S CHECKLIST IS MANDATORY FOR ALL REGULATIONS WHICH REG	ADMINISTRATIVE APPLICAT QUIRE PROCESSING AT THE D	TIONS FOR EXCEPTIONS TO DIVISION RULES AND DIVISION LEVEL IN SANTA FE	
	AE II Operating, LLC		OGRID Number: <u>32932</u>	26
Well Name:			API: 30-025-25233	
Pool: <u>[33820]</u> Jo	almat; Tan-Yates-7 Rvrs		Pool Code: <u>33820</u>	
1) TYPE OF APP A. Locatio	<b>LICATION:</b> Check those w n – Spacing Unit <u></u> – Simulto	INDICATED BELOW hich apply for [A] aneous Dedication		TION
	NSL NSP <sub>(PRO</sub>	JECT AREA) NSP	(PRORATION UNIT) SD	
[I] Cor [II] Inje [II] Inje 2) NOTIFICATIO A. Offse B. Royo C. Appl D. Notif E. Notif F. Surfo G. For of H. No n	otice required	PC OL e Increase – Enhar D IPI EO nose which apply. ers ners, revenue own d notice nt approval by SLO notification or pub	PPR  FOR OCD O  Notice Comp  Application Content Complete  Alication is attached, and/or,	
administrative understand t	e approval is <b>accurate</b> ar	nd <b>complete</b> to the en on this applicati	mitted with this application for e best of my knowledge. I also ion until the required information and	1
1	Note: Statement must be complete	d by an individual with m	nanagerial and/or supervisory capacity.	
			10/14/2022	
Brittney Storfa			10/14/2022 Date	_
			Dale	
Print or Type Name	0)		(832) 241-8080	
0 1/41	1 VVVIA		Phone Number	-
MIN	11011/12		brittney@faenergyus.com	
Signature			e-mail Address	_

From: <u>Vanessa Neal</u>

To: <u>Clelland, Sarah, EMNRD</u>

 Subject:
 [EXTERNAL] RE: Action ID 154988 CTB-1162

 Date:
 Tuesday, September 30, 2025 8:57:49 AM

Attachments: image001.png
Mailing List yley

Mailing List.xlsx

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

Hi Sarah,

It looks like FAE notified ONRR in lieu of the BLM (tracking# 7022 0410 0000 6181 3712). Is that acceptable?

Yes, this application is to surface commingle GAS ONLY.

The surface commingle affects 1 BLM lease and the rest appear to be fee leases. The BLM AB Coates lease number is NMNM 0559128 (NMNM105507988).

Please see the attachment for notified persons and corresponding certified tracking information.

#### Thank you,

Vanessa Neal | Sr Reservoir Engineer

#### forty acres energy

O 832.219.0990 (ext 165)

C <u>979.255.3476</u>

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

**Sent:** Wednesday, September 17, 2025 4:12 PM **To:** Vanessa Neal <vanessa@faenergyus.com>

Subject: Action ID 154988 CTB-1162

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

The Division is reviewing the following application:

Action ID	154988
Admin No.	CTB-1162
Applicant	FAE II Operating, LLC
Title	Coates Lanehart CTB
Sub. Date	10/31/2022

Please provide the following additional supplemental documents:

• Please provide proof of notification to BLM in Carlsbad or Santa Fe of this Surface Commingle Application.

Please provide additional information regarding the following:

Please verify that this application is for GAS ONLY

#### Additional notes:

- For future reference please put Notified Persons and Certified Tracking Information on an Excel Spreadsheet.
- Please include all lease numbers

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 <u>OCD.Enviro@emnrd.nm.gov</u> 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

### **Affidavit of Publication**

STATE OF NEW MEXICO COUNTY OF LEA

I, Blake Ovard, Editor 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 October 21, 2022 and ending with the issue dated October 21, 2022.

Editor

Sworn and subscribed to before me this 21st day of October 2022.

Business Manager

My commission expires January 29, 2023

(Seal)

GUSSIE BLACK Notary Public - State of New Mexico Commission # 1087526 My Comm. Expires Jan 29, 2023

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 October 21, 2022

A B Coates #1 to B T Lanehart #3

Commingling 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-37E, Section 21 Facility Location: T25S-37E, Section 21: Unit Letter

A B Coates B #001 – APt: 30-025-11674
B T Lanehart #002 – API: 30-025-11687
B T Lanehart #003 – API: 30-025-1682
B T Lanehart #007 – API: 30-025-26819

Commingling production is pooled from the Jalmat: Tan-Yates-7 Rivers (33820 - Oil)

67115951

00272259

MARITZA SANTANA FORTY ACRES ENERGY 11757 KATY FREEWAY, STE 725 HOUSTON, TX 77079 From: <u>Vanessa Neal</u>

To: <u>Clelland, Sarah, EMNRD</u>

 Subject:
 RE: [EXTERNAL] RE: Action ID 154988 CTB-1162

 Date:
 Thursday, October 16, 2025 8:48:07 AM

Attachments: <u>image001.png</u>

Notice was mailed to BLM field offices in Santa Fe & Carlsbad, NM. Tracking numbers are below.

Fedex 884803770858 – Santa Fe BLM Office Fedex 884803655075 – Carlsbad BLM Office

#### Thank you,

Vanessa Neal |Sr Reservoir Engineer

#### forty acres energy

O 832.219.0990 (ext 165)

C 979.255.3476

From: Vanessa Neal

Sent: Tuesday, September 30, 2025 10:06 AM

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

Subject: RE: [EXTERNAL] RE: Action ID 154988 CTB-1162

Ok, I will have the land department send the notice to one of the BLM field offices and email the tracking information back to you.

#### 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:** Tuesday, September 30, 2025 10:01 AM **To:** Vanessa Neal < <u>vanessa@faenergyus.com</u>>

Subject: RE: [EXTERNAL] RE: Action ID 154988 CTB-1162

ONRR is for royalties only. The Division requires notice to the field office that handles the case.

So, we need to have notice to either Carlsbad or Santa Fe.

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

From: Vanessa Neal < <u>vanessa@faenergyus.com</u>>
Sent: Tuesday, September 30, 2025 8:57 AM

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

Subject: [EXTERNAL] RE: Action ID 154988 CTB-1162

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

Hi Sarah,

It looks like FAE notified ONRR in lieu of the BLM (tracking# 7022 0410 0000 6181 3712). Is that acceptable?

Yes, this application is to surface commingle GAS ONLY.

The surface commingle affects 1 BLM lease and the rest appear to be fee leases. The BLM AB Coates lease number is NMNM 0559128 (NMNM105507988).

Please see the attachment for notified persons and corresponding certified tracking information.

Thank you,

Vanessa Neal | Sr Reservoir Engineer

#### forty acres energy

O 832.219.0990 (ext 165)

C <u>979.255.3476</u>

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

**Sent:** Wednesday, September 17, 2025 4:12 PM **To:** Vanessa Neal <<u>vanessa@faenergyus.com</u>>

Subject: Action ID 154988 CTB-1162

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

The Division is reviewing the following application:

<b>Action ID</b>	154988
Admin No.	CTB-1162
Applicant	FAE II Operating, LLC
Title	Coates Lanehart CTB
Sub. Date	10/31/2022

Please provide the following additional supplemental documents:

• Please provide proof of notification to BLM in Carlsbad or Santa Fe of this Surface Commingle Application.

Please provide additional information regarding the following:

• Please verify that this application is for GAS ONLY

#### Additional notes:

- For future reference please put Notified Persons and Certified Tracking Information on an Excel Spreadsheet.
- Please include all lease numbers

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 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

#### 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. CTB-1162

#### **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.

#### CONCLUSIONS OF LAW

- 5. 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.
- 6. 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.
- 7. 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.
- 8. 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.

Order No. CTB-1162 Page 1 of 3

- 9. 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.
- 10. 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 gas production allocated to each well identified in Exhibit A shall be determined by shutting-in the production from all other wells for a minimum of twenty-four (24) consecutive hours and metering the production from that well during that period. Applicant shall conduct this test a minimum of one (1) time per month for each well.
- 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).

Order No. CTB-1162 Page 2 of 3

8. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**DATE:** <u>10/</u>20/2025

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

ALBERT C. S. CHANG

Albert Chang

**DIRECTOR** 

Order No. CTB-1162 Page 3 of 3

#### State of New Mexico Energy, Minerals and Natural Resources Department

#### Exhibit A

Order: CTB-1162

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

Central Tank Battery: Coates Lanehart Central Tank Battery (GAS ONLY) Central Tank Battery Location: UL C, Section 21, Township 25 South, Range 37 East

Gas Title Transfer Meter Location: UL C, Section 21, Township 25 South, Range 37 East

#### **Pools**

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

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

Lease	UL or Q/Q	S-T-R
BLM Lease NMNM 105507988 (0559128)	NWNW	21-25S-37E
	S2NW	31-25S-37E
FEE Leases or Pooling Agreements	E2NW	21-25S-37E

#### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-11674	A B COATES B #001	NWNW	21-25S-37E	33820
30-025-11687	B T LANEHART #002	SENW	21-25S-37E	33820
30-025-11682	B T LANEHART #003	NENW	21-25S-37E	33820
30-025-26819	B T LANEHART #007	SENW	21-25S-37E	33820

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

General Information Phone: (505) 629-6116

Online Phone Directory https://www.emnrd.nm.gov/ocd/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 154988

#### **CONDITIONS**

Operator:	OGRID:	
FAE II Operating LLC	329326	
11757 Katy Freeway, Suite 725	Action Number:	
Houston, TX 77079	154988	
	Action Type:	
	[C-107] Surface Commingle or Off-Lease (C-107B)	

#### CONDITIONS

Created By	Condition	Condition Date
sarah.clelland		