

**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**  
**Change of Operator**

Form C-145  
Revised May 19, 2017

Permit 307187

**Previous Operator Information**

OGRID: 329326  
Name: FAE II Operating LLC  
Address: 11757 Katy Freeway, Suite 1000  
  
City, State, Zip: Houston, TX 77079

**New Operator Information**

Effective Date:	Effective on the date of approval by the OCD
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OGRID: 371416  
Name: FORTY ACRES ENERGY, LLC  
Address: 11757 Katy Frwy  
Suite 1000  
City, State, Zip: Houston, TX 77056

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, FORTY ACRES ENERGY, LLC certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(I) NMAC.

**FORTY ACRES ENERGY, LLC understands that the OCD's approval of this operator change:**

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

**As the operator of record of wells in New Mexico, FORTY ACRES ENERGY, LLC agrees to the following statements:**

1. Initials AS I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. Initials AS I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See Subsection B of 19.15.9.9 NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See Paragraph (2) of Subsection C of 19.15.9.9 NMAC.
3. Initials AS I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See Subsection C of 19.15.7.24 NMAC.
4. Initials AS I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed in approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. Initials AS I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance or a "blanket plugging financial assurance for wells in temporarily abandoned statuses", even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See Subsection C of 19.15.8.9 NMAC. I understand that I can check my compliance with the financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. Initials AS I am responsible for reporting and remediating releases pursuant to 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record. I am responsible for conducting my own due diligence for any releases that have occurred prior to becoming operator of my wells and related facilities and am responsible for any open releases or unreported releases.
7. Initials AS I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits and seek other relief. See 19.15.26.8 NMAC and 19.15.5.10 NMAC.
8. Initials AS For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. Initials AS I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See Subsection C of 19.15.9.8 NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. Initials AS If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See Subsection B of 19.15.9.9 NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.
11. Initials AS No person with an interest exceeding 25% in the undersigned company is, or was within the last 5 years, an officer, director, partner or person with a 25% or greater interest in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.
12. Initials AS NMOC Rule Subsection E and F of 19.15.16.8 NMAC: An operator shall have 90 days from the effective date of an operator name change to change the operator name on the well sign unless the division grants an extension time, for good cause shown, along with a schedule for making the changes. Each sign shall show the (1) well number, (2) property name, (3) operator's name, (4) location by footage, quarter-quarter section, township and range (or unit letter can be substituted for the quarter-quarter section), and (5) API number.

I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Oil Conservation Division accepting this Change of Operator.

**Previous Operator**

Signature: Huxley Song  
Printed Name: Huxley Song  
Title: CEO  
Date: 01/25/2022 Phone: 832-706-0057

**New Operator**

Signature: Huxley Song  
Printed Name: Huxley Song  
Title: CEO  
Date: 01/25/2022 Phone: 832-706-0057

Permit 307187

**NMOCD Approval**

Electronic Signature(s): Rob Jackson, District 1  
Date: February 22, 2022

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**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Wells Selected for Transfer

Permit 307187

**68 Wells Selected for Transfer**

From:	FAE II Operating LLC	OGRID:	329326
To:	FORTY ACRES ENERGY, LLC	OGRID:	371416

**OCD District Hobbs (68 Wells selected.)**

Property	Well	Lease Type	ULSTR	OCD Unit	API	Pool ID	Pool Name	Well Type
332384	A B REEVES #007	P	C-29-20S-37E	C	30-025-28456	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332385	BERTIE WHITMIRE #008	P	F-08-20S-37E	F	30-025-06018	96764	MONUMENT; ABO, SOUTHEAST	O
	BERTIE WHITMIRE #009	P	H-08-20S-37E	H	30-025-20686	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332386	BRITT #005	F	K-07-20S-37E	K	30-025-05993	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	BRITT #012	F	C-07-20S-37E	C	30-025-05999	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332387	BRITT A 6 #002	F	6-06-20S-37E	L	30-025-05938	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	BRITT A 6 #005	F	7-06-20S-37E	M	30-025-05941	46990	MONUMENT; BLINEBRY	O
332388	BRITT B 8 #002	F	C-08-20S-37E	C	30-025-06007	47080	MONUMENT; PADDOCK	O
332389	BRITT PHILLIPS #002	F	E-10-20S-37E	E	30-025-31892	22800	EUMONT; YATES-7 RVRS-QUEEN (OIL)	O
332390	BRITT-LAUGHLIN COM #002	F	N-05-20S-37E	N	30-025-05924	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332391	CARTER #001	P	G-12-21S-36E	G	30-025-04621	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332393	GILLULLY B FEDERAL RA A #004	F	D-22-20S-37E	D	30-025-06234	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	GILLULLY B FEDERAL RA A #007	F	K-22-20S-37E	K	30-025-06236	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	GILLULLY B FEDERAL RA A #010	F	B-22-20S-37E	B	30-025-20393	47090	MONUMENT; TUBB	O
					30-025-20393	63780	WEIR; BLINEBRY	
	GILLULLY B FEDERAL RA A #015	F	H-33-20S-37E	H	30-025-24911	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332394	GUTMAN #001	P	B-13-21S-36E	B	30-025-26736	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	GUTMAN #002	P	G-13-21S-36E	G	30-025-26737	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332395	HANSEN STATE #004	S	H-16-20S-37E	H	30-025-06127	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332396	J HIRAM MOORE STATE #001	S	1-18-21S-37E	D	30-025-26263	22800	EUMONT; YATES-7 RVRS-QUEEN (OIL)	O
332397	M S BERRYMAN #002	P	O-11-21S-36E	O	30-025-35082	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332398	MAVEETY STATE GAS COM #009	P	I-35-19S-36E	I	30-025-32299	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332399	MEYER B 27 #001	F	E-27-20S-37E	E	30-025-06271	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	MEYER B 27 #002	F	C-27-20S-37E	C	30-025-38139	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332400	MEYER B 28 A A/C 1 #004	F	C-28-20S-37E	C	30-025-26899	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332401	MEYER B 28 A COM AC2 #002	F	O-28-20S-37E	O	30-025-06273	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	MEYER B 28 A COM AC2 #004	P	I-28-20S-37E	I	30-025-37961	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	MEYER B 28 A COM AC2 #005	F	A-33-20S-37E	A	30-025-38365	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332402	QUAPAW COM #001	S	P-19-20S-37E	P	30-025-06169	23000	EUNICE MONUMENT; GRAYBURG-SAN ANDRES	O
					30-025-06169	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	
	QUAPAW COM #002	S	J-19-20S-37E	J	30-025-38278	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332404	SHELL A STATE COM #005	S	12-02-21S-36E	L	30-025-04443	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	SHELL A STATE COM #006	S	4-02-21S-36E	D	30-025-32030	23000	EUNICE MONUMENT; GRAYBURG-SAN ANDRES	G
					30-025-32030	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	
332405	SHELL E STATE COM #001	S	10-06-21S-36E	J	30-025-04538	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	SHELL E STATE COM #002	S	14-06-21S-36E	F	30-025-25773	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332406	SHELL STATE #001	S	E-13-20S-36E	E	30-025-32025	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	O
	SHELL STATE #008	S	O-32-20S-37E	O	30-025-31321	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	SHELL STATE #009	S	B-36-20S-36E	B	30-025-31323	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	SHELL STATE #010	S	H-36-20S-36E	H	30-025-04422	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	SHELL STATE #011	S	C-13-20S-36E	C	30-025-04250	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332407	STATE 28 #001	S	O-28-19S-37E	O	30-025-28024	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
316825	STATE A #006	S	1-02-20S-36E	A	30-025-04169	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE A #007	S	G-02-20S-36E	G	30-025-31611	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332408	STATE A COM #005	S	I-05-21S-36E	Q	30-025-31117	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE A COM #006	S	G-08-21S-36E	G	30-025-37957	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE A COM #008	S	P-05-21S-36E	X	30-025-38670	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332409	STATE A-20 #001	S	I-20-20S-37E	I	30-025-06200	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE A-20 #004	S	J-20-20S-37E	J	30-025-27816	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332410	STATE AY #001	S	H-32-20S-37E	H	30-025-06320	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332411	STATE C #001	S	A-24-19S-36E	A	30-025-12730	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE C #002	S	H-24-19S-36E	H	30-025-12773	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332412	STATE C TR 11 #003	S	J-02-21S-36E	J	30-025-23103	29710	HARDY; BLINEBRY	O
					30-025-23103	47970	OIL CENTER; GLORIETA	

	STATE C TR 11 #005	S	9-02-21S-36E	A	30-025-25517	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
					30-025-25517	23000	EUNICE MONUMENT; GRAYBURG-SAN ANDRES	
	STATE C TR 11 #006	S	J-02-21S-36E	J	30-025-25698	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE C TR 11 #007	S	O-02-21S-36E	O	30-025-25975	47970	OIL CENTER; GLORIETA	O
	STATE C TR 11 #008	S	O-02-21S-36E	W	30-025-26109	29710	HARDY; BLINEBRY	O
	STATE C TR 11 #010	S	10-02-21S-36E	B	30-025-26111	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332413	STATE E #002	S	O-35-20S-37E	O	30-025-27238	22800	EUMONT; YATES-7 RVRS-QUEEN (OIL)	O
332414	STATE E COM #001	S	M-35-20S-37E	M	30-025-06213	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE E COM #002	S	P-16-21S-36E	P	30-025-04668	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE E COM #004	S	O-16-21S-36E	O	30-025-30619	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE E COM #005	S	I-16-21S-36E	I	30-025-37956	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE E COM #006	S	J-16-21S-36E	J	30-025-38671	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332415	STATE H 17 #002	S	D-17-20S-37E	D	30-025-06137	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	O
332416	STATE J #004	S	C-17-19S-37E	C	30-025-05622	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE J #005	S	E-17-19S-37E	E	30-025-30915	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	STATE J #006	S	D-17-19S-37E	D	30-025-32898	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332417	TURNER STATE #003	S	F-32-20S-37E	F	30-025-30613	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
	TURNER STATE #004	S	B-32-20S-37E	B	30-025-37958	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G
332418	WULFF STATE #002	S	E-17-20S-37E	E	30-025-06138	76480	EUMONT; YATES-7 RVRS-QUEEN (GAS)	G

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

COMMENTS

Action 307187

**COMMENTS**

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 1000 Houston, TX 77079	OGRID: 329326
	Action Number: 307187
	Action Type: [C-145] EP Change of Operator

**Comments**

Created By	Comment	Comment Date
abustamante	Per rule 19.15.8.9 C Active wells. Blanket plugging financial assurance will need to met prior to the approval of the 52 State/Private wells from this transfer. Re-submit a new C-145 once bonding has been met. A 3160-5 Change of Operator BLM approval of transfer & bond of the federal wells been electronically submitted to OCD permitting?	1/26/2022
maritzas	We will request our surety increase our blanket bond limit to \$250,000. With regard to the BLM change of Operator, per our land department BLM requires an approved C-145 before the Sundry notices can be submitted to BLM. They've got the sundry notices ready to be filed pending approval of the C-145.	2/7/2022
maritzas	Hello, please advise the address and contact person where we should send the Surety Bond Rider increasing the penalty limit of our blanket bond to be in compliance. Thank you!	2/11/2022
maritzas	We have submitted a Bond Rider increasing our blanket bond limit to \$250,000. On February 18 we received confirmation from NMOCD that the bond rider had been approved.	2/21/2022