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

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

Form C-101
Revised July 18, 2013

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address	2. OGRID Number
FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	329326
	3. API Number 30-025-20973

4. Property Code	5. Property Name	6. Well No.
331162	STATE A A/C 1	#105

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	23	23S	36E		2080	N	660	E	LEA

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	23	23S	36E		2080	N	660	E	LEA

9. Pool Information

Pool Name	Pool Code
LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	37240

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
D/A	G	R	S	3355.7’
16. Multiple	**17. Proposed Depth**	**18. Formation**	**19. Contractor**	**20. Spud Date**
NO	3719’	LANGLIE/MATTIX	TBD	10/26/2022
Depth to Ground water	Distance from nearest fresh water well		Distance to nearest surface water	

☒ **We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	11”	7.625”	24#	323’	250 sxs	Surface
Production	6.75”	4.5”	9.5#	3669’	250 sxs	2570’

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3,000#	3,000#	Unknown

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.** Signature:	OIL CONSERVATION DIVISION Approved By: P Kautz
Printed name: VANESSA NEAL	Title:
Title: SR RESERVOIR ENGINEER	Approved Date: **07/08/2022** Expiration Date: **07/08/2024**
E-mail Address: vanessa@faenergyus.com	
Date: 17 JUN 2022 Phone: 832-219-0990	Conditions of Approval Attached

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025-20973	37240	LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG

[4] Property Code	[5] Property Name	[6] Well Number
331162	STATE A A/C 1	#105

[7] OGRID No.	[8] Operator Name	[9] Elevation
329326	FAE II OPERATING, LLC	3355.7’

[10] Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	23	23S	36E		2080	N	660	E	LEA

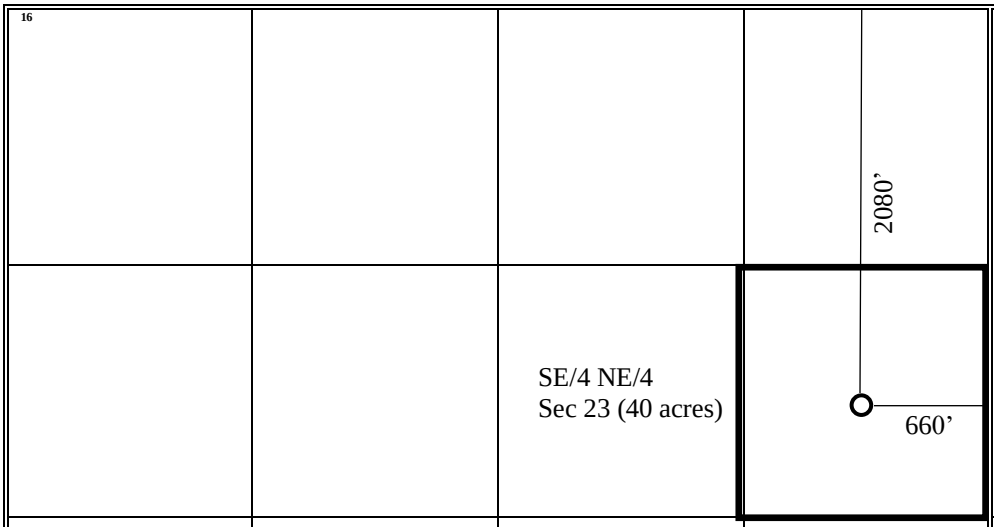
[11] Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
H	23	23S	36E		2080	N	660	E	LEA

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40	Y		

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

[16]



[17] OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

5/18/2022

Signature Date

VANESSA NEAL
Printed Name

vanessa@faenergyus.com
E-mail Address

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: FAE II Operating, LLC **OGRID:** 329326 **Date:** 06/17/2022

II. Type: ☐ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☒ Other.

If Other, please describe: Deepen, Add Perforations & Acidize State A A/C 1 #105 to Langlie Mattix & Squeeze Jalmat

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
STATE A A/C 1 #105	30-025-20973	H-23-23S-36E	2080' FNL & 660' FEL	10	20	10

IV. Central Delivery Point Name: STATE A A/C 1 BATTERY [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
STATE A A/C 1 #105	30-025-20973	10/26/2022	10/31/2022	10/31/2022	11/4/2022	11/5/2022

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

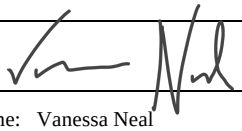
1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature: 
Printed Name: Vanessa Neal
Title: Sr. Reservoir Engineer
E-mail Address: vanessa@faenergyus.com
Date: 17 JUN 2022
Phone: 832-219-0990

OIL CONSERVATION DIVISION **(Only applicable when submitted as a standalone form)**
Approved By:
Title:
Approval Date:
Conditions of Approval:

FAE II Operating, LLC ("FAE")
Natural Gas Management Plan

VI. Separation Equipment

- Separation equipment is sized to allow for retention time and velocity to adequately separate oil, gas, and water at anticipated peak rates.
- Valves and meters are designed to service without flow interruption or venting of gas.
- Gas from treater and wellhead will be tied into the sales line.

VII. Operational Practices

19.15.27.8 (A)

FAE's field operations are designed with the goal of minimizing venting of natural gas. Wellhead and existing production equipment are tied into the gas sales line.

19.15.27.8 (B) Venting and Flaring during drilling operations

- Venting will only occur if there is an equipment malfunction and/or to avoid risk of an immediate and substantial adverse impact on safety, public health, or the environment.
- Daily vented volumes during drilling operations will be estimated on the daily report.
- All equipment will be available to process wellhead production upon completion of the well.

19.15.27.8 (C) Venting and Flaring during completions or recompletions operations.

- During all phases of flowback, wells will flow through a sand separator, or other appropriate flowback separation equipment, and the well stream will be directed to a central tank battery (CTB) through properly sized flowlines.
- The CTB will have properly sized separation equipment for maximum anticipated flowrates.
- All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from well is <60 MCFPD.

19.15.27.8 (D) Venting and Flaring during production operations.

- During production, the well stream will be routed to the CTB where multiple stages of separation will separate gas from liquids. All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from will is <60 MCFPD.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas sales volumes are recorded and monitored via EFMS.

19.15.27.8 (E) Performance Standards

- Production equipment will be designed to handle maximum anticipated rates and pressure.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas/H2S detectors will be installed throughout the facilities and wellheads to detect leaks and enable timely repairs.

19.15.27.8 (F) Measurement or estimation of vented and flared natural gas

- All gas from wellhead and treater will be routed to a sales outlet.
- When metering is not practical due to low pressure/low rate (<60 MCFPD), the vented volume will be estimated based on annual GOR.

VIII. Best Management Practices

- FAE will use best management practices to vent as minimally as possible during well intervention operations and downhole well maintenance.
- All gas from wellhead and treater will be routed to a sales outlet. Fluids will be routed to tanks; vented gas volumes from oil tanks will be estimated based on annual GOR since expected production from will is <60 MCFPD. All venting events will be recorded and all start-up, shutdown, maintenance logs will be kept for control equipment
- All equipment will be maintained to provide highest run-time possible.
- AVO inspections will be conducted on the well and facility as required (weekly or monthly) based on actual daily production from the well or facility. Records of inspections will be kept for no less than 5 years. Any active leaks or releases will be reported as required and repaired in a timely manner.
- Gas sales volumes are recorded and monitored via EFMS.
- All procedures are drafted to keep venting to the absolute minimum.

Well Name:	STATE A A/C 1 #105			**Lease No:**	A-983	**Lease Type:**	STATE
Township:	23-S	**Range:**	36-E	**Sec:**	23	**Location:**	2080' FNL & 660' FEL
County:	Lea	**State:**	NM	**API:**	30-025-20973	**Formation:**	[37240] Langlie Mattix; 7 Rvrs-Q-Grayburg

PROPOSED

Surface Csg

Size:	7-5/8"
Wt.&Thrd:	24#
Grade:	H-40 ST&C
Set @:	323'
Sxs cmt:	250 sxs
Circ:	Circ
TOC:	Surface
Hole Size:	11"

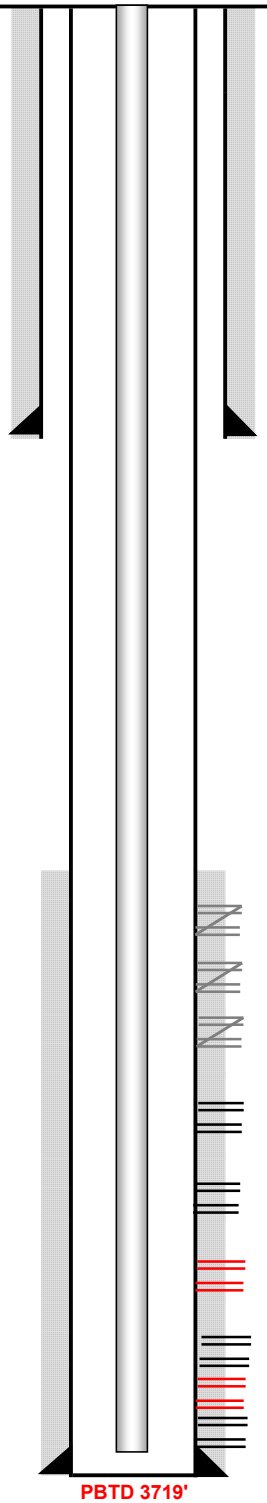
KB:	3366'
DF:	3365'
GL:	3355.7"
Spud Date:	6/28/1964
Compl. Date:	7/13/1964

History - Highlights

07/1964: Well completion and perforation
07/1964: Add perforations & acidize
07/ 1967: Add perforations & acidize.
07/1972: Well TA'd
07/1980: Well recompleted: CIBP @ 3350' w/ 30' cement on top. Circulate clean. Add perforations and acidize.

PROPOSED: Sqz JALMAT; DO BP & Deepen 50'; Add Perfs & Acidize 7 RVRs-QUEEN

All info from OCD well files ONLY



SN 3619'
EOT 3655'

Production Csg

Size:	4-1/2"
Wt.&Thrd:	9.5#
Grade:	J-55
Set @:	3669'
Sxs Cmt:	250 sxs
Circ:	
TOC:	2570'
Hole Size:	6-3/4"

PBTD 3719'
TD 3719'

YATES (Top @ 2860')
2862'-82', 2894'-2918', 2928'-42', 2950'-66', 2974'-82', 2988'-92',3001'-11', 3035'-49', 3052'-56', 3061'-75' - 08/1980 [SQUEEZED]
Acidize w/ 6000 gals 15% MCA. Frac w/ 25000 gals & 38500# sand

7 RVRS (Top @ 3074')
3115'-27', 3212'-24', 3248'-56', 3272'-82' [SQUEEZED]
Acidize w/ 6000 gals 15% MCA. Frac w/ 25000 gals & 38500# sand

3363', 96' - 07/1967
Acidize w/ 2000 gals 15% NE acid. Swab. Frac w/ 20000 gals + 15000# 20/40

QUEEN (Top @ 3408')
3412', 21', 25', 37', 43', 52', 70', 76' - 07/1967
Acidize w/ 2000 gals 15% NE acid. Swab. Frac w/ 20000 gals + 15000# 20/40

3498'-3500', 3534'-3536', 3546'-3548', 3550'-3567', 3577'-3580', 3586'-3589', 3619'-3629', 3636'-3638', 3647'-3650' (4SPF) - PROPOSED
Acidize w/ 7500 gals 15% NEFE acid, 2000# rock salt & 50 bbls 2% KCL wtr

GRAYBURG (Top @ 3590')
3547'-3555' w/ 1/2" holes
Acidize w/ 1000 gals. LST & 24 balls
3646'-3650' (2 SPF) - 07/1964
Acidize w/ 1000 gals. LTNE & Balls

Tubulars - Capacities and Performance

2-3/8" 4.7# J-55 Tubing (~112 jts 2-3/8" tubing, SN, 4' perf sub, MA w/ bull plug)

Well Name:	STATE A A/C 1 #105			**Lease No:**	A-983	**Lease Type:**	STATE
Township:	23-S	**Range:**	36-E	**Sec:**	23	**Location:**	2080' FNL & 660' FEL
County:	Lea	**State:**	NM	**API:**	30-025-20973	**Formation:**	[37240] Langlie Mattix; 7 Rvrs-Q-Graybur

CURRENT

Surface Csg

Size:	7-5/8"
Wt.&Thrd:	24#
Grade:	H-40 ST&C
Set @:	323'
Sxs cmt:	250 sxs
Circ:	Circ
TOC:	Surface
Hole Size:	11"

KB:	3366'
DF:	3365'
GL:	3355.7"
Spud Date:	6/28/1964
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History - Highlights

07/1964: Well completion and perforation
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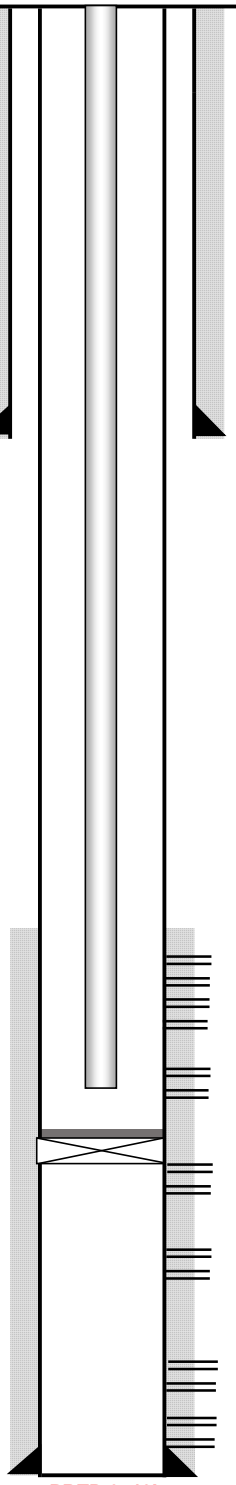

BP @ 3350'

Production Csg

Size:	4-1/2"
Wt.&Thrd:	9.5#
Grade:	J-55
Set @:	3669'
Sxs Cmt:	250 sxs
Circ:	
TOC:	2570'
Hole Size:	6-3/4"

PBTD 3719'
TD 3669'

YATES (Top @ 2860')
2862'-82', 2894'-2918', 2928'-42', 2950'-66', 2974'-82', 2988'-92',3001'-11', 3035'-49', 3052'-56', 3061'-75' - 08/1980
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Acidize w/ 2000 gals 15% NE acid. Swab. Frac w/ 20000 gals + 15000# 20/40

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3412', 21', 25', 37', 43', 52', 70', 76' - 07/1967
Acidize w/ 2000 gals 15% NE acid. Swab. Frac w/ 20000 gals + 15000# 20/40

GRAYBURG (Top @ 3590')
3547'-3555' w/ 1/2" holes
Acidize w/ 1000 gals. LST & 24 balls
3646'-3650' (2 SPF) - 07/1964
Acidize w/ 1000 gals. LTNE & Balls

Tubulars - Capacities and Performance

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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

CONDITIONS

Action 120087

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 120087
	Action Type: [C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By	Condition	Condition Date
pkautz	None	7/8/2022