BJ2X1-201117-C-107B   OLM-224

RECEIVED: 11/17/20	REVIEWER: DM	TYPE: OLM	APP NO: pDM2032333297

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau –
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST
THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: FAE II Operating, LLC

OGRID Number: 329326

Well Name: Winningham #9

API: 30-025-28637

Pool: Jalmat (Gas)

Pool Code: 79240

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 holders
   B. ☑ Royalty, overriding royalty owners, revenue owners
   C. ☐ Application requires published notice
   D. ☐ Notification and/or concurrent approval by SLO
   E. ☐ Notification and/or concurrent approval by BLM
   F. ☐ Surface owner
   G. ☐ 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.

David Schellstede

Date

Print or Type Name

Phone Number

David@FAEnergyus.com

Signature

e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Form C-107-B
Revised August 1, 2011

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: **FAE II Operating, LLC**
OPERATOR ADDRESS: **11757 Katy Fwy, Ste. 1000, Houston, TX 77079**
APPLICATION TYPE:

☐ Pool Commingling   ☐ Lease Commingling   ☐ Pool and Lease Commingling   ☒ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☒ Fee   ☐ State   ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No   If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☐ Yes   ☒ No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling?   ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering   ☐ Other (Specify)
(5) Will commingling decrease the value of production?   ☐ Yes   ☐ No   If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply?   ☐ Yes   ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling?   ☐ Yes   ☐ No
(4) Measurement type: ☐ Metering   ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply?   ☒ Yes   ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: *M Bates*   TITLE: Engineering Tech   DATE: 11/17/2020
TYPE OR PRINT NAME Marshall Bates   TELEPHONE NO.: (832) 241-8080
E-MAIL ADDRESS: Marshall@FAEnergyus.com

fae**II**operating

November 17, 2020

<u>**VIA ONLINE FILING**</u>

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 Store, Meter, and Sell Oil Production from the Jalmat Gas Pool for the Winningham #9 Well at the Sholes B 30 #3 Tank Battery located in Sec. 30, T-25S, R-37E, Lea County, New Mexico

Dear Mr. McClure:

FAE II Operating LLC, OGRID: 329326, requests administrative approval for surface commingling, off-lease metering, off-lease storage, and off-lease marketing of oil and gas production from the Jalmat Gas Pool for its Winningham #9 well located in Section 30 of Township 25S, Range 37E as shown on the map in Exhibit A. The two separate leases are also identified by outline and legend. Exhibit B offers further detail on the relevant leases and wells.

The attached battery diagrams, Exhibits C and D, are accurate schematics of the current facility and the proposed commingled facility, respectively. A new 3-phase flowline will be laid from the Winningham #9 well to the Sholes B 30 #3 Tank Battery and tie in to its own 3-phase separator. From there, the water and oil flow lines will tie into their own tanks for off-lease metering and storage on the Sholes B 30 #3. The gas flow line, however, will run back to the Winningham #9 well and tie in on the suction side of the compressor. For oil measurement, an individual allocation meter will be utilized for measurement of oil production stemming from the separator. Gas measurement will be taken by the ETC sales meter on the Winningham #9 location.

All relevant parties, in this case just the working interest partners, have been notified of this application by certified mail. Copies of the certified mail receipts are attached as Exhibit F.

This proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. If there are further questions concerning this application, please feel free to contact the undersigned by email at marshall@faenergyus.com or by telephone at (832) 241-8080.

Very truly yours,

MBates

FAE II Operating, LLC

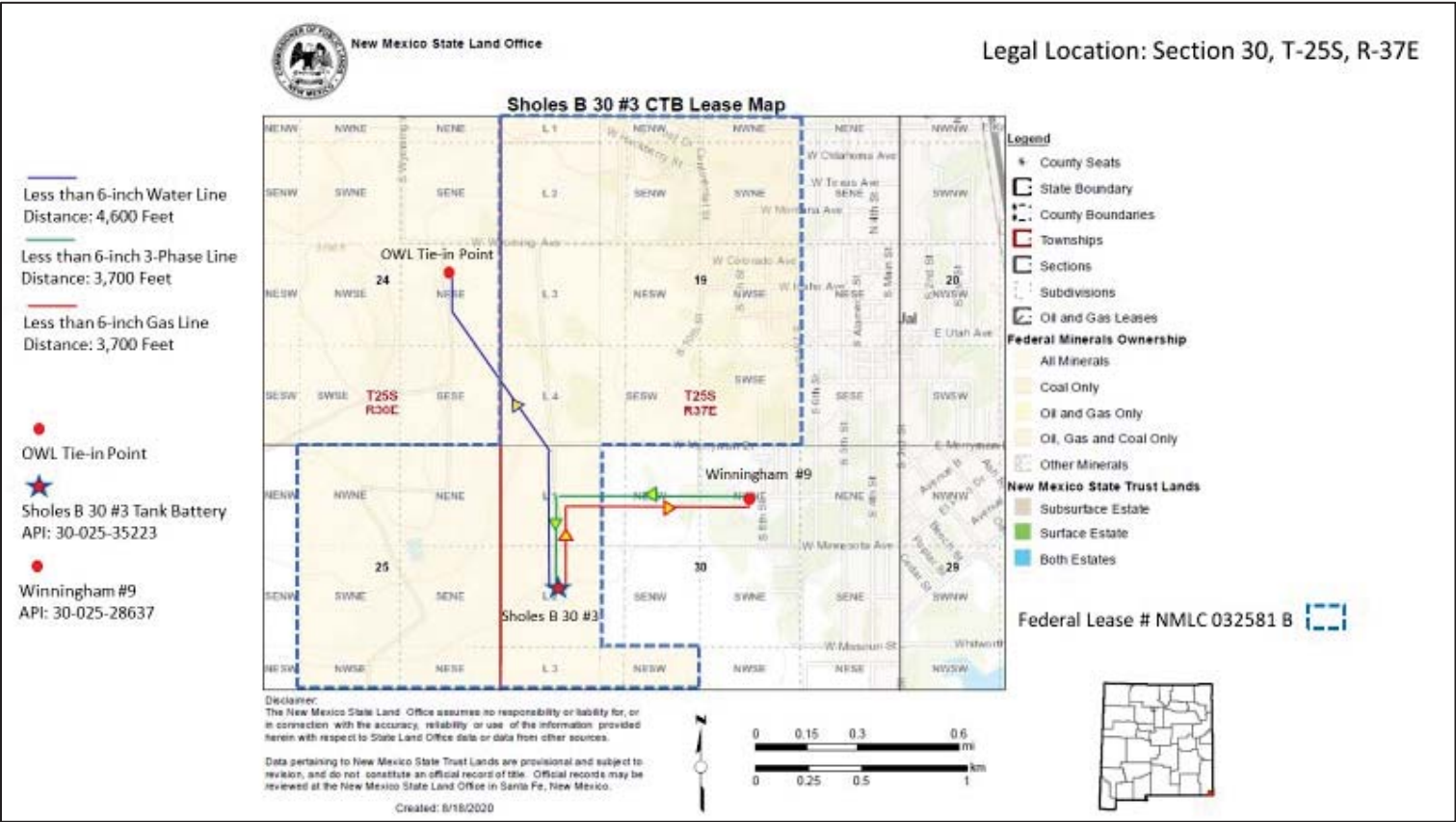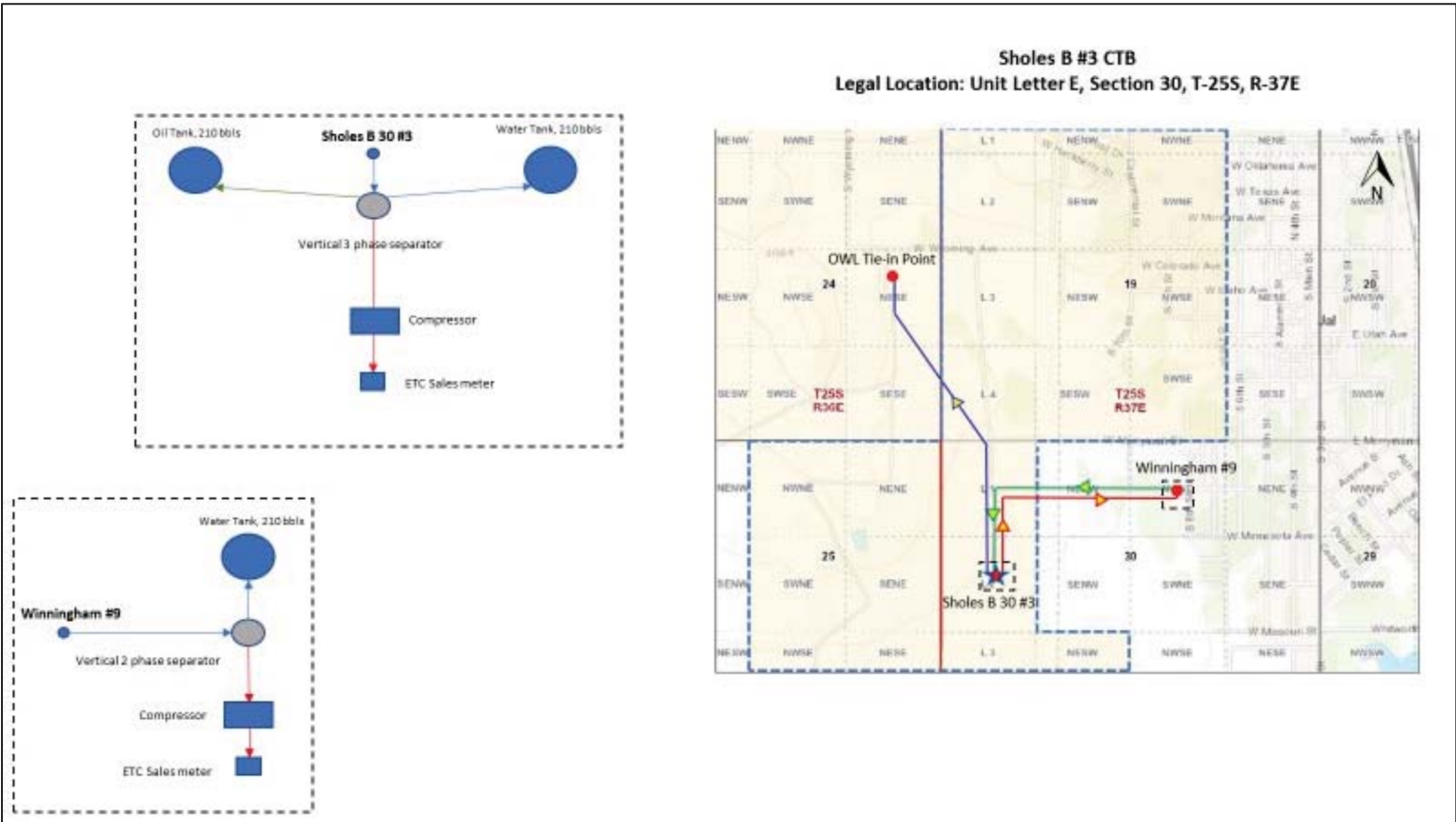# faeIIoperating

Exhibit A – Lease Boundaries Map

Exhibit B – Lease and Well Information

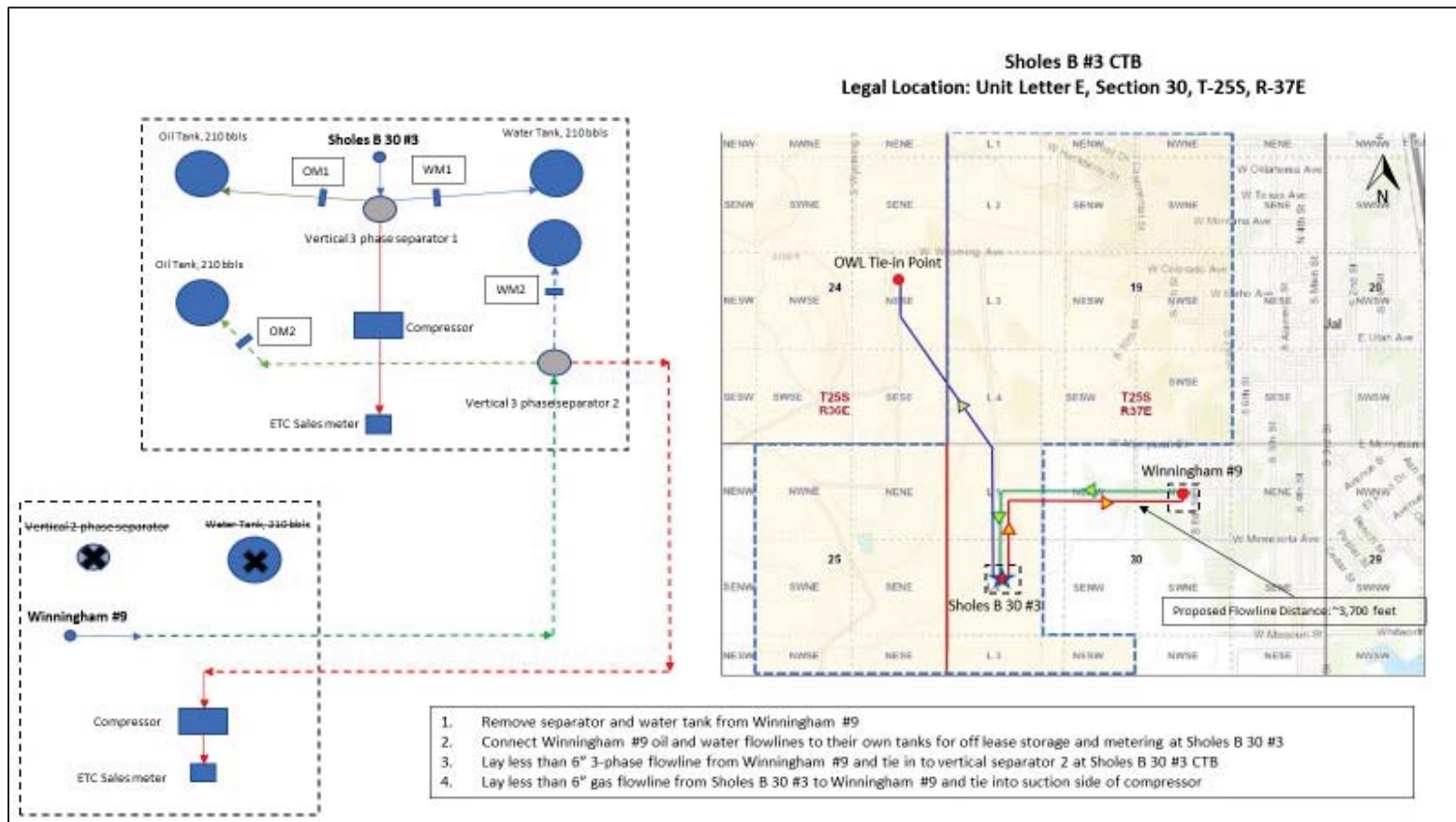| Well Name	Federal Lease or Property No.	API #	Pool ID
Sholes B 30 #3	NMLC 032581 B	30-025-35223	33820 JALMAT; TAN-YATES-7 RVRS (OIL)
Winningham #9	326422	30-025-28637	79240 JALMAT; TAN-YATES-7 RVRS (GAS)

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Exhibit C – Current Facility Layout

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Exhibit D – Proposed Facility Layout

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Exhibit E – Ownership Information

Well Name(s)	Ownership Type	Name	Address
Sholes B 30 #3, Winningham #9	Working	FAE II Operating LLC	11757 Katy Fwy Ste. 1000 Houston,TX 77079-1762
Winningham #9	Working	31 Group	PO Box 1706 Rockwall, TX 75087

Exhibit F – Certified Mail Receipts