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FEBRUARY 26, 2026

New Mexico Oil Conservation Division
Engineering Bureau-Engineering Underground Injection Control (UIC) Group
1220 South St. Francis Drive
Santa Fe, NM 87505

**RE: Status Update – EOR Project
WEST EUMONT UNIT
WFX-1036
LEA, New Mexico**

FORTY ACRES ENERGY LLC (“FAE”), as Unit Operator of the WEST EUMONT UNIT, submits this status update on the EOR Project (WEU Pilot 2 – WFX-1036) as required by IPI-530. This report highlights the significant additional oil production achieved through waterflood operations—oil that would not have been recovered under primary depletion alone—and provides key information on injection pressure management.

This packet contains items as follows:

- Unit history;
- Production graph for the field;
- WEU Pilot 2 status update;
- Production graph for Pilot 2;
- Water cut graph for Pilot 2;
- Injection pressure monitoring and history; and,
- Table of approved injection-related orders.

Sincerely,

A handwritten signature in blue ink, appearing to read "Vanessa Neal".

VANESSA NEAL
SR RESERVOIR ENGINEER

History of WEST EUMONT UNIT

The WEST EUMONT UNIT was approved as a Secondary Recovery Unit effective May 1, 2018 (Order R-14615). FAE has operated the unit since that date. A map of the current development of the unit is provided in Figure 1.

Waterflood development began with Pilot 1 in July 2018 (four new injectors targeting the SEVEN RIVERS formation; Order R-14616). A clear secondary oil response was observed within 3–4 months of injection start (see Figure 2).

This success led to Pilot 2 (six new injectors targeting the QUEEN formation; WFX-1036), drilled in late 2019 and started in early 2020, as well as expansion of Pilot 1. Pilot 3 (four new injectors in the SEVEN RIVERS; WFX-1040) began injection in mid-2023.

Overall, the waterflood program has increased field production from ~60 bopd pre-waterflood to the current ~230 bopd post-waterflood (see Figure 2). This increase represents over 525 mbo that would not have been produced without secondary recovery operations.

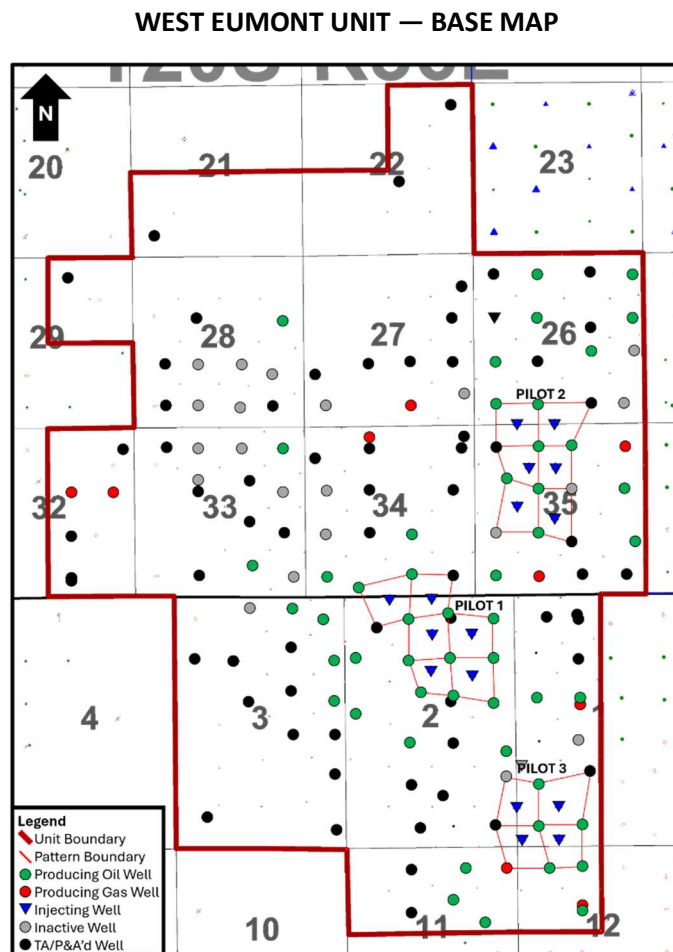


Figure 1 – WEST EUMONT UNIT base map with pilot patterns. Current well status is displayed as either producing/injecting, inactive or abandoned.

WEST EUMONT UNIT Annotated Production and Injection History

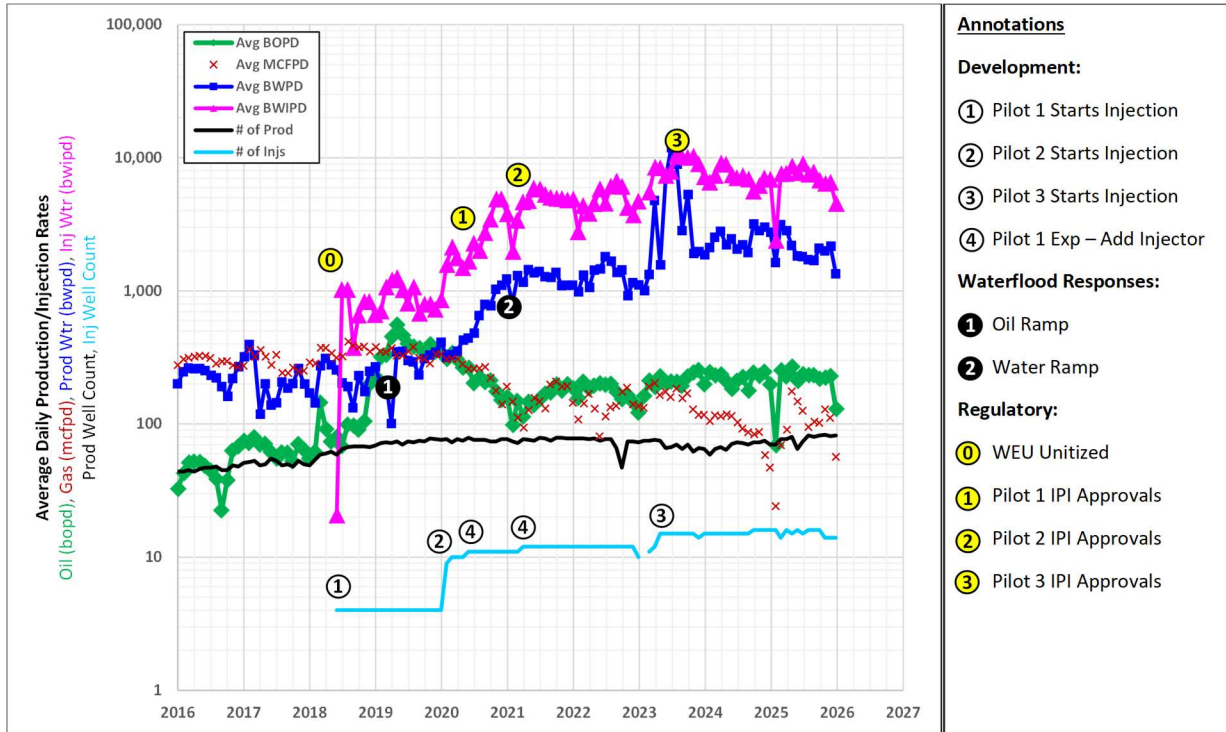


Figure 2 – Historical production of WEST EUMONT UNIT — Field-wide production since 2016, with annotations showing how oil production increased following injection start and rate increases (including Pilot 2 startup in 2020).

WEU Pilot 2 Status Update

Pilot 2 (WFX-1036) began injection in February 2020. Following SRT on WEU 525 (June 2020) and subsequent IPI approvals (including IPI-530 in August 2020), injection rates increased significantly. This led to a clear secondary oil response: oil rate rose from ~10 bopd pre-waterflood to ~100 bopd post-waterflood, directly attributable to the waterflood. Oil production in Pilot 2 would have continued to be at or under 10 bopd and decline without these injection operations.

Water cut (WC) over time shows a gradual increase since the start of injection, see Figure 4, with 2025 ending around 85%. This is far below an uneconomic water cut and indicates the pilot has years of waterflood production ahead.

WEST EUMONT UNIT — Pilot 2
Annotated Production and Injection History

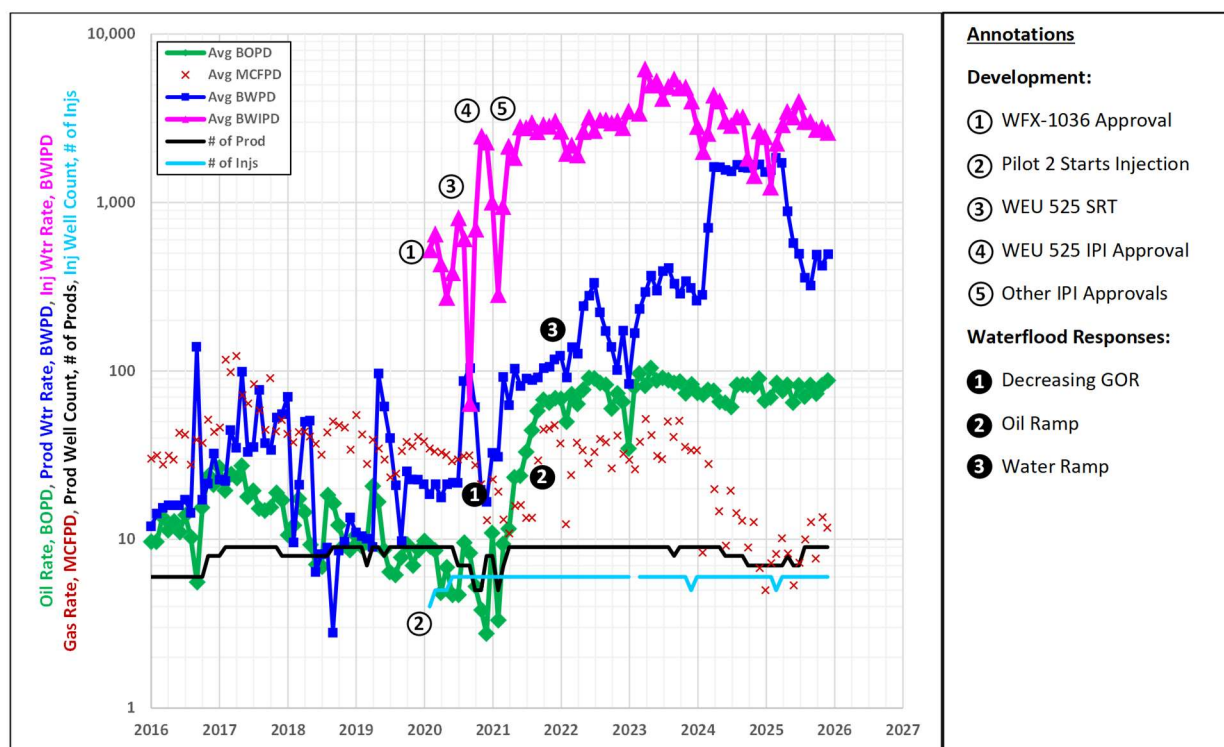


Figure 3 – Historical production of WEST EUMONT UNIT Pilot 2 — After initial delays due to limited water supply, oil rate increased significantly following higher injection rates, showing a strong secondary response attributable to waterflood support.

WEST EUMONT UNIT — Pilot 2
Water Cut (WC) vs Time

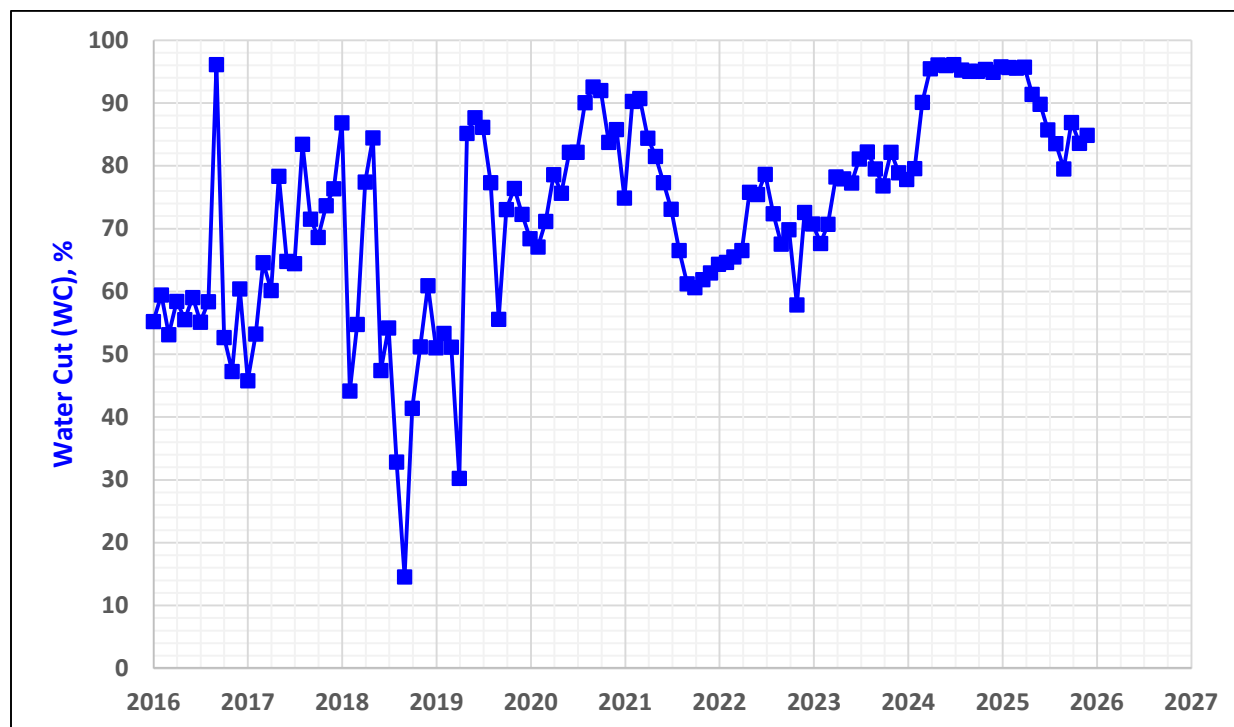


Figure 4 –Water cut of WEST EUMONT UNIT pilot 2, per IHS Enerdeq Browser, since FAE acquired the field in 2016. Though the data is slightly erratic, there are overall trends showing WC decreasing when the field was on primary production (2016-2019) and increasing WC since the start of injection (Mar 2019) through present day.

Injection Pressure Monitoring & History

FAE continuously monitors surface injection pressures to optimize rates while staying within approved maximums. Initial maximum surface injection pressure (MSIP) was set at 760 psi (0.2 psi/ft gradient).

Step rate tests (SRTs) were conducted in 2020 to safely increase allowable pressures:

- Pilot 1 and Pilot 3 (SEVEN RIVERS): BHFP ~3,337 psi → MSIP up to ~1,524 psi (~0.49 psi/ft gradient).
- Pilot 2 (QUEEN): BHFP ~2,680 psi → MSIP up to 1,850 psi (~0.49 psi/ft gradient).

These increases were approved via individual IPI orders (see Table 1) and applied across the respective pilots. Higher pressures enabled greater injection rates, directly contributing to the observed oil rate increases and secondary recovery. A graph of the injection pressures and rates is provided in Figure 5.

WEST EUMONT UNIT Average Surface Injection Pressure & Monthly Injection Volumes

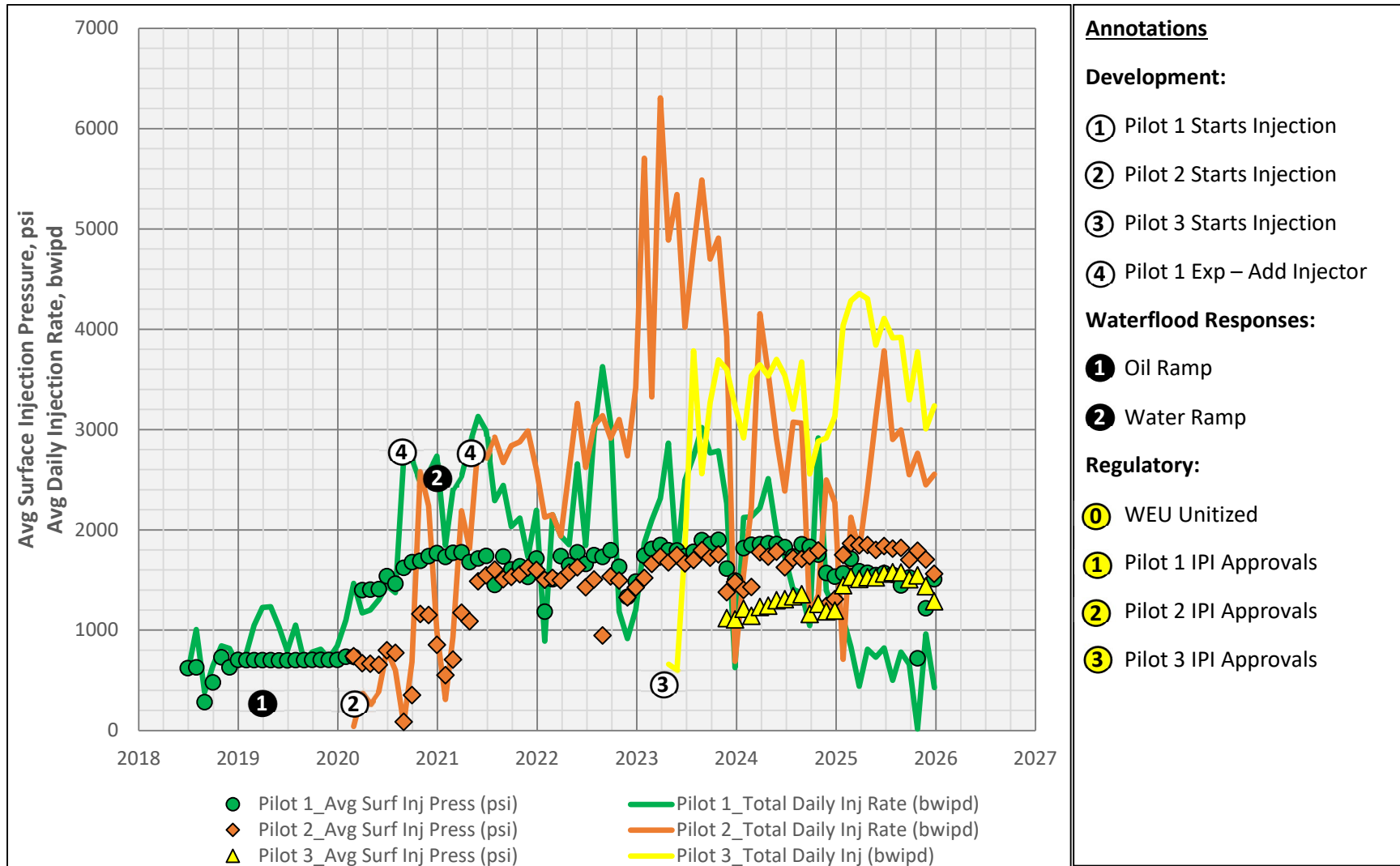


Figure 5 – Injection surface pressure and injection volume history of WEST EUMONT UNIT pilots with field injection events annotated.

**WEST EUMONT UNIT
Approved Injection Authorities**

Order	Approval Date	Well No	API	Existing Tbg OD (in)	Initial New MSIP Limit (psi)	Injection Interval (ft)	Pressure Gradient (psi/ft)
R-14616	4/2/2018	WEST EUMONT UNIT, WEU 211, WEU 212, WEU 213, WEU 214, WEU 2600-W, WEU 35BB-W, WEU 35GG-W	30-025-44207 30-025-44208 30-025-44209 30-025-44210 30-025-pending 30-025-pending 30-025-pending	2.875	760	Unitized Interval EUMONT Pool, 3800 - 4100	0.2
WFX-1036	11/25/2019	WEU 522, WEU 523, WEU 524, WEU 525, WEU 526 & WEU 527	30-025-45479 30-025-45480 30-025-45481 30-025-45482 30-025-45483 30-025-45459	2.875	760	3200 - 4300 (conflicting 3800 - 4100 also listed)	0.24 (0.2)
WFX-1037	12/13/2019	WEU 218	30-025-45484	2.875	760	3800 - 4100	0.2
WFX-1038	12/13/2019	WEU 219, WEU 416, WEU 419, WEU 420, WEU 421, WEU 422	30-025-pending 30-025-pending 30-025-pending 30-025-pending 30-025-pending	2.375	760	3800 - 4100	0.2

Order	Approval Date	Well No	API	Existing Tbg OD (in)	Initial New MSIP Limit (psi)	Injection Interval (ft)	Pressure Gradient (psi/ft)
WFX-1040	2/5/2020	WEU 114, WEU 115, WEU 116, WEU 117, WEU 126, WEU 127, WEU 135, WEU 136, WEU 228	30-025-pending 30-025-pending 30-025-pending 30-025-pending 30-025-pending 30-025-pending 30-025-pending 30-025-pending 30-025-pending	2.875	760	3800 - 4100	0.2
IPI-524	4/8/2020	WEU 212	30-025-44208	2.375	1510	3910 - 3994	0.39
IPI-525	4/8/2020	WEU 213	30-025-44209	2.875	1503	3926 - 3995	0.38
IPI-526	4/8/2020	WEU 214	30-025-44210	2.375	1526	3880 - 3934	0.39
IPI-527	4/8/2020	WEU 218	30-025-45484	2.375	1533	3860 - 3975	0.4
IPI-528	6/12/2020	WEU 219	30-025-46679	2.375	1504	3924 - 4113	0.38
IPI-530	8/24/2020	WEU 525	30-025-45482	2.375	1850	3789 - 3898	0.49
IPI-527A	11/9/2020	WEU 218	30-025-45484	2.375	1841	3860 - 3975	0.48
IPI-528A	11/9/2020	WEU 219	30-025-46679	2.375	1873	3924 - 4113	0.48
IPI-531	3/10/2021	WEU 527	30-025-45459	2.375	1814	3715 - 3818	0.49
IPI-532	3/10/2021	WEU 522	30-025-45479	2.375	1861	3812 - 3932	0.49
IPI-533	3/10/2021	WEU 523	30-025-45480	2.375	1813	3714 - 3851	0.49

Order	Approval Date	Well No	API	Existing Tbg OD (in)	Initial New MSIP Limit (psi)	Injection Interval (ft)	Pressure Gradient (psi/ft)
IPI-534	3/10/2021	WEU 524	30-025-45481	2.375	1813	3713 - 3825	0.49
IPI-535	3/10/2021	WEU 526	30-025-45483	2.375	1865	3819 - 3929	0.49
IPI-539	7/10/2023	WEU 114, WEU 115, WEU 116, WEU 117	30-025-50030 30-025-50031 30-025-50032 30-025-50033	2.375	1824	3800-4100	0.48
IPI-523B	11/21/2023	WEU 211	30-025-44207	2.375	1812	3800 - 4089	0.48
WFX-1061	2/19/2024	WEU 416, WEU 419, WEU 420, WEU 421, WEU 422	30-025-pending 30-025-pending 30-025-pending 30-025-pending 30-025-pending	2.375	680	3400 - 4300	0.2

Table 1 – List of approved injection authorities within the WEST EUMONT UNIT as of Feb 2026.

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 570363

CONDITIONS

Operator: FORTY ACRES ENERGY, LLC 11757 KATY FWY HOUSTON, TX 77079173	OGRID: 371416
	Action Number: 570363
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
anthony.harris	None	4/1/2026