

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) 748-1281 Fax (575) 748-9720

District III
1006 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6179

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

| | | |
|---|--|----------------------------|
| Operator Name and Address FORTY ACRES ENERGY, LLC 11777B Katy Freeway, Suite #305, Houston, TX 77079 | | OGRID Number 371416 |
| Property Code 320052 | | API Number 30-025-48484 |
| Property Name WEST EUMONT UNIT | | Well No. 218 |

7. Surface Location

| UT. - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|-----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| BX | 2 | 21S | 35E | 2 | 85 | N | 2580 | E | LEA |

8. Proposed Bottom Hole Location

| UT. - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|-----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| BX | 2 | 21S | 35E | 2 | 85 | N | 2580 | E | LEA |

9. Pool Information

| Pool Name | Pool Code |
|--|-----------|
| EUMONT; Yates-Seven Rivers-Queen (Oil) | 22800 |

Additional Well Information

| | | | | |
|-----------------------|----------------------------|--|--------------------|------------------------------------|
| 11 Work Type N | 12 Well Type I | 13 Cable/Rotary R | 14 Lease Type P | 15 Ground Level Elevation 3568' |
| 16 Multiple N | 17 Proposed Depth 4500' | 18 Formation QUEEN | 19 Contractor | 20 Spud Date 02/15/2019 |
| 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* |
|------|-----------|-------------|------------------|---------------|-----------------|----------------|
| Surf | 12.25 | 8.265 | 24 | 1600 | 150 | 0 |
| Prod | 7.875 | 5.5 | 15.5 | 4500 | 250 | 0 |
| | | | | | | |

Casing/Cement Program: Additional Comments

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| |
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22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 3000 | 1500 | Shaffer |

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:

Printed name: Jessica LaMarro

Title: Geologist

E-mail Address: jessica@faenergyus.com

Date: 12/20/2018

Phone: 832-706-0041

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date: 01/11/19

Expiration Date: 01/11/21

Conditions of Approval Attached

See Attached

Conditions of Approval

CONDITIONS OF APPROVAL

| | | |
|--------------|-----------------|-------------------------------|
| API # | Operator | Well name & Number |
| 30-025-45484 | FORTY ACRES | West Eumont Unit # 218 |

Applicable conditions of approval marked with XXXXXX

Administrative Orders Required

| | |
|---------|--|
| XXXXXXX | Review injection order when approved for additional conditions of approval |
| | |

Other wells

Casing

| | |
|---------|--|
| XXXXXXX | SURFACE & PRODUCTION CASING - Cement must circulate to surface and production casing |
| XXXXXXX | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |

Lost Circulation

| | |
|---------|---|
| XXXXXXX | Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186 |
| | |

Water flows

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|---------|---|
| XXXXXXX | Must notify OCD Hobbs Office of any water flow in the Salado formation at 575-370-3186. Report depth and flow rate. |
| | |

Stage Tool

| | |
|---------|---|
| XXXXXXX | Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 |
| XXXXXXX | If using Stage Tool on Surface casing, Stage Tool must be greater than 350' and a minimum 200 feet above surface shoe. |
| XXXXXXX | When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |
| | |

Completion & Production

| | |
|---------|--|
| XXXXXXX | Will require a deviational survey with the C-105 |
| XXXXXXX | Must notify Hobbs OCD office prior to conducting MIT (575) 393-6161 ext. 114 |
| XXXXXXX | Must conduct & pass MIT prior to any injection |
| XXXXXXX | May not inject prior to C-108 approval (Injection order approval) |
| XXXXXXX | Approval of this APD does not guarantee approval of C-108 |
| XXXXXXX | Must conduct & pass MIT prior to any injection |