

State of New Mexico
Energy, Minerals and Natural Resources Department

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Deputy Secretary

Dylan M Fuge, Director (Acting)
Oil Conservation Division



Jessica LaMarro
Forty Acres Energy
E-mail: jessica@faenergy.com

RE: Injection Pressure Increase; Order IPI-545
State A A/C 2 Water Flood Project (Division Order R-22349)
Lea County, New Mexico

Greetings Jessica LaMarro,

Reference is made to your request on behalf of FAE II Operating LLC (OGRID 329326; the "operator") for the application received on October 20, 2023, to increase the maximum allowed surface injection pressure ("MASIP") based on Step rate Test result which a MASIP of 1575 Psi (0.4234 psi/ft) be applied on 8 injector wells that are part of the State A A/C 2 Water Flood Project (Division Order R-22349) with current pressures for each corresponding well listed in a table below.

Well Name and Number	Location within T23S, R36E, NMPM	WFX Order	Injection Interval (ft.)	MSIP (PSI)	New MASIP
State A A/C 2 No. 64 (API 30-025-28273)	1250' FNL & 1250' FEL, Unit A, Sec. 8	530	3720 to 3885	744	1575
State A A/C 2 No. 65 (API 30-025-28274)	1345' FNL & 25' FWL, Unit E, Sec. 9	535	3695 to 3875	739	1575
State A A/C 2 No. 67 (API 30-025-28276)	2615' FSL & 1345' FWL, Unit K, Sec. 9	518	3660 to 3850	732	1575
State A A/C 2 No. 68 (API 30-025-28277)	2570' FNL & 70' FWL, Unit E, Sec. 9	530	3695 to 3885	739	1575
State A A/C 2 No. 69 (API 30-025-28278)	2615' FSL & 1295' FEL, Unit I, Sec. 8	518	3700 to 3890	740	1575
State A A/C 2 No. 70 (API 30-025-28279)	1295' FSL & 1295' FEL, Unit P, Sec. 8	530	3725 to 3890	745	1575
State A A/C 2 No. 71 (API 30-025-28280)	1295' FSL & 25' FWL, Unit M, Sec. 9	531	3715 to 3890	743	1575
State A A/C 2 No. 72 (API 30-025-28281)	1410' FSL & 1440' FWL, Unit K, Sec. 9	530	3675 to 3875	735	1575

Administrative Order IPI-545
FAE II Operating LLC

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It is the Oil Conservation Division's ("OCD") understanding that the requested pressure increase is needed to increase the rate of injection and this pressure increase will not result in:

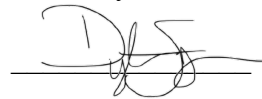
1. the fracturing of the permitted disposal interval.
2. the fracturing of either the upper or lower confining strata; or
3. induced-seismic events as a consequence of the higher injection pressure.

Based on the results of the submitted step rate injection tests on State A A/C 2 #066, API # 30-025-28275 well, a MASIP of 1575 psi (0.4234 psi/ft) shall be the new maximum allowable surface injection pressure limit to 8 adjacent injector wells within the same interval of State A A/C 2 Water Flood Project (listed in a table above), while equipped with tubing size as stipulated in (Division Order R-22349).

This approval is based on the provision that the tubing size, packer setting depth and completion interval for the well does not change and all provisions in IPI-545 are adhered. Any future requested pressure increase will require resubmission of additional data and/or a new step-rate test. The Director retains the right to require, at any time, wireline verification of completion and packer setting depths in the well. This approval is subject to your being in compliance with all other OCD rules including, but not limited to, Rule 19.15.5.9 NMAC.

The Director may rescind any injection pressure increase permit if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval, impacts correlative rights, is endangering any freshwater aquifer or endangers public health and safety.

Sincerely,



Date: 12/21/23

Dylan M Fuge, Director (Acting)
Oil Conservation Division
DMF/mgm

cc: Oil Conservation Division – Santa Fe Office
Order IPI-545
Well file State A A/C 2 Water Flood Project (Division Order R-22349)

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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 297746

CONDITIONS

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 725 Houston, TX 77079	OGRID: 329326
	Action Number: 297746
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
mgebremichael	None	12/27/2023