

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF FORTY ACRES ENERGY,
LLC FOR CERTIFICATION OF A POSITIVE
PRODUCTION RESPONSE AND UPDATE ON
THE PROGRESS, PRODUCTION RESULTS,
AND EXPECTED PLANS OF WATERFLOOD
PROJECT, LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Forty Acres Energy, LLC (“FAE” or “Applicant”) (OGRID No. 371416) applies: (1) for certification of a positive production response for purposes of the Recovered Oil Tax Rate; and (2) to provide an update on the progress, production results, and expected plans of the West Eumont Unit Secondary Recovery Project (“Project”) in accordance with the requirements of Order No. R-14616 (“Order”). In support of its application, Applicant states the following.

1. The Division entered the Order on April 2, 2018 in Case No. 15793. The Order designated Applicant as the operator of the West Eumont Unit (“Unit”), which covers the following described 7,977.30 acres (more or less) of federal, state, and fee lands in Lea, County, New Mexico:

Township 20 South, Range 36 East, NMPM

- Section 21: S/2
- Section 22: NE/4 and S/2
- Sections 26-28: All
- Section 29: NE/4
- Section 32: E/2
- Sections 33-35: All

Township 21 South, Range 35 East, NMPM

- Section 1: Lots 3-6 and 11-14, and SW/4 (W/2 Equivalent)
- Section 2: Lots 1-16 and S/2 (All)
- Section 3: Lots 1-16 and S/2 (All)
- Section 11: N/2
- Section 12: NW/4

2. Applicant proposed to implement a secondary recovery (waterflood) project within the Unit to result in the recovery of additional oil and gas that would not otherwise be recovered.

3. The Division approved the Unit and Project and found that the Project met the criteria for certification by the Division as a qualified “Enhanced Oil Recovery (EOR) Project” pursuant to NMSA 1978, Sections 7-29A-1 through 7-29A-5.

4. The Division found that the certified project area should consist of the entire Unit area.

5. The Order required that FAE apply to the Division for certification of a “positive production response” identifying the area benefitting from enhanced recovery operations and the specific wells eligible for the EOR tax rate.

6. As of the date of this Application, the Unit area and the following wells in the Unit have had a positive production response:

- a. West Eumont Unit #203 (API No. 3002503401)
- b. West Eumont Unit #204 (API No. 3002503376)
- c. West Eumont Unit #206 (API No. 3002503374)
- d. West Eumont Unit #209 (API No. 3002524198)
- e. West Eumont Unit #210 (API No. 3002524406)
- f. West Eumont Unit #215 (API No. 3002524786)
- g. West Eumont Unit #216 (API No. 3002545490)
- h. West Eumont Unit #217 (API No. 3002545491)
- i. West Eumont Unit #220 (API No. 3002503399)
- j. West Eumont Unit #402 (API No. 3002504397)
- k. West Eumont Unit #417 (API No. 3002544254)
- l. West Eumont Unit #510 (API No. 300254405)
- m. West Eumont Unit #511 (API No. 300254406)
- n. West Eumont Unit #512 (API No. 3002504403)
- o. West Eumont Unit #513 (API No. 3002504407)
- p. West Eumont Unit #514 (API No. 3002504339)

- q. West Eumont Unit #515 (API No. 3002504404)
- r. West Eumont Unit #516 (API No. 3002504340)
- s. West Eumont Unit #520 (API No. 3002504415)
- t. West Eumont Unit #521 (API No. 3002504416)

7. Applicant also seeks to provide an update on the progress, production results and expected plans of the Project in accordance with Paragraph 23 of the Order. The progress report will include an engineering analysis of the state of the waterflood as required by the Order.

WHEREFORE, Applicant requests that this application be set for hearing on November 2, 2023 so that FAE may provide an update on the progress, production results, and expected plans of the waterflood project, and that the Division enter its order certifying to the New Mexico Taxation and Revenue Department that the wells and area identified in this application are eligible for the EOR tax rate.

Respectfully submitted,

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