

**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. 23909**

**PRE-HEARING STATEMENT**

Forty Acres Energy, LLC (“FAE” or “Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

**APPLICANT**

Forty Acres Energy, LLC

**ATTORNEYS**

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**INTERESTED PARTY**

None.

**ATTORNEYS**

**STATEMENT OF THE CASE**

FAE applies to the Division: (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”). 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 Township 20 South, Range 36 East, and Township 21 South, Range 35 East, Lee, 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

Applicant proposed to implement a secondary recovery project within the Unit. 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. The Division further found that the certified project area should consist of the Unit area.

Applicant requests that the Division enter an 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. Applicant also seeks to provide an update on the progress, production results and expected plans of the Project in accordance with the Order. The Project area is centered approximately 5 miles northwest of Oil Center, New Mexico.

**PROPOSED EVIDENCE**

<b>Witness</b>	<b>Occupation</b>	<b>Estimated Time</b>	<b>Exhibits</b>
Huxley Song	Engineer and Chief Executive Officer	Affidavit	Approx. 5

**PROCEDURAL MATTERS**

Applicant will present this case by affidavit if there is no opposition to its application.

Respectfully submitted,

HINKLE SHANOR, LLP

*/s/ Dana S. Hardy* \_\_\_\_\_

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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**

QUESTIONS

Action 279562

**QUESTIONS**

Operator: FORTY ACRES ENERGY, LLC 11757 KATY FWY HOUSTON, TX 77079173	OGRID: 371416
	Action Number: 279562
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.