

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



Administrative Order WFX-1037
December 13, 2019

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-14616, Forty Acres Energy, LLC (OGRID No. 371416) has made application to the Division for permission to add one injection well to its West Eumont Secondary Recovery Project in the Eumont; Yates-7 Rvrs-Queen Pools (Pool codes 22800 (Oil) and 76480 (Gas)) in Lea County, New Mexico. This well is being proposed as an injection well into the Unitized Formation within the Yates, Seven Rivers, and Queen formations of the West Eumont Unit.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8(B) NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections remain outstanding. The proposed well is eligible for conversion to injection under the terms of that rule. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

The proposed expansion of the above-referenced secondary recovery project, will prevent waste, is in the best interests of conservation, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED THAT:

Forty Acres Energy, LLC, as operator, is hereby authorized to inject water into the following well for the purpose of secondary recovery through plastic-lined, 2 $\frac{7}{8}$ -inch diameter tubing set into a packer:

API No.	Well	ULSTR	Footage N/S	Footage E/W	Approved Injection Interval (in ft): type ¹	Maximum Surface Injection Pressures
30-025-45484	West Eumont Unit Well No. 218	B (Lot 2)- 2-21S-35E	85' FNL	2580' FWL	3800' to 4100'; perf	760 psi

¹Type: perf indicated injection through perforated casing; OH is injection through open-hole.

The approved injection interval for the well (the “subject well”) is into the Yates, Seven Rivers, and Queen formations from an approximate perforated depth of 3800 feet to a maximum perforated depth of 4100 feet as based on the description of the Unitized Formation found in Ordering Paragraph (3) of Division Order No. R-14615 dated April 2, 2018. **As a condition of approval, the operator shall be required to provide to the District a copy of the federal well completion report (Bureau of Land Management Form 3160-4) for the subject well along with correlations demonstrating that the perforations are within the approved Unitized Formation.**

The approved maximum surface tubing injection pressure shall be 760 psi as approved in Ordering Paragraph (9) of Division Order No. R-14616 dated April 2, 2018.

The operator shall set the injection packer no more than 100 feet above the shallowest perforation for the permitted injection interval for each well in the application. The operator shall be required to submit a written request for an exception if the distance between the packer and the uppermost perforation exceeds 100 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected fluid enters only the approved injection interval and is not permitted to escape to other formations or onto the surface.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The subject well shall pass an initial mechanical integrity test (“MIT”) prior to initially commencing injection and prior to resuming injection each time any injection packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Rule 19.15.26.11(A) NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the subject well shall be limited as listed above. In addition, the injection well or header system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressures to the maximum allowable pressures for this well.

Subject to the limitations within the hearing order permitting this project, the Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluids from the approved injection interval. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division’s District office of the date and time of the installation of injection equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement

of injection to the District office. The operator shall submit monthly reports of the injection operations on Division Form C-115, in accordance with Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the District I office of any failure of the tubing, casing or packer in the approved injection wells, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

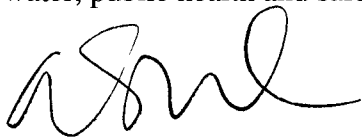
The injection authority granted under this order is not transferable except upon division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein. The subject wells shall be governed by all provisions of Division Order No. R-14616 and associated administrative orders.

The injection authority granted herein shall terminate one (1) year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator received prior to the one-year deadline, may grant an extension thereof for good cause shown. Additionally, the injection authority granted in this order is subject to Rule 19.15.26.12 NMAC with regards to commencement, discontinuance, and abandonment of operations.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.



ANDRIENNE SANDOVAL
Director

AS/prg

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office
State Land Office – Oil, Gas and Minerals Leasing
Well Files for API 30-025-45484