

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

**APPLICATION OF FAE II OPERATING,  
LLC FOR REINSTATEMENT OF INJECTION  
AUTHORITY AND AUTHORIZATION TO CONVERT  
PRODUCING WELLS TO INJECTORS  
FOR WATERFLOOD OPERATIONS,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 22133**

**PRE-HEARING STATEMENT**

FAE II Operating, LLC (“Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**  
FAE II Operating, LLC

**ATTORNEYS**  
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**INTERESTED PARTIES**  
No other parties of record.

**ATTORNEYS**

**STATEMENT OF THE CASE**

Applicant applies for an order: (1) reinstating injection authority for its State “A” A/C No. 65, 67, 69 and 71 wells within its Blackbeard North Waterflood Project (“Project”) within the Seven Rivers and Queen formations comprised of portions of Sections 5, 7, 8 and 9, Township 22 South, Range 36 East, Lea County, New Mexico; and (2) authorizing FAE to convert its State “A” A/C No. 64, 68, 70 and 72 producing wells to injectors for waterflood operations.

On March 14, 1967, the Oil Conservation Commission (“Commission”) entered Order No. R-3200 in Case No. 3531 establishing the Project in the South Eunice pool by injection of water into the Seven Rivers and Queen formations through six wells located in Sections 5, 8 and 9 of Township 22 South, Range 36 East. On September 15, 1970, the Commission entered Order No. R-3200-A in Case No. 4418 authorizing the substitution of the wells in R-3200 with six different wells located in Sections 8 and 9 of T22S-R36E. On September 6, 1983, the Division entered Administrative Order No. WFX-518 authorizing the expansion of the Project to include injection operations in the State “A” A/C 2 No. 65, 67, 69, and 71 wells in Sections 8 and 9 of T22S-R36E. On September 11, 1984, the Division entered Administrative Order No. WFX-530 authorizing the expansion of the Project to include injection operations in the State “A” A/C 2 No. 64, 68, 70, and 72 wells in Sections 8 and 9 of T22S-R36E (collectively the “Orders”). The following wells (“Wells”) authorized under the Orders are located within the South Eunice pool of the Seven Rivers and Queen formations:

<b>Well Name (API: 30-025-)</b>	<b>Location within T22S-R36E</b>	<b>Injection interval</b>
State "A" A/C 2 No. 64 (28273)	Unit A, 1250 FNL & 1250 FEL, Sec. 8	3720'- 3885'
State "A" A/C 2 No. 65 (28274)	Unit E, 1345 FNL & 25 FWL, Sec. 9	3695'- 3875'
State "A" A/C 2 No. 67 (28276)	Unit K, 2615 FSL & 1345 FWL, Sec. 9	3660'- 3850'
State "A" A/C 2 No. 68 (28277)	Unit E, 2570 FNL & 70 FWL, Sec. 9	3695'- 3885'
State "A" A/C 2 No. 69 (28278)	Unit I, 2615 FSL & 1295 FEL, Sec. 8	3700'- 3890'
State "A" A/C 2 No. 70 (28279)	Unit P, 1295 FSL & 1295 FEL, Sec. 8	3725'- 3890'
State "A" A/C 2 No. 71 (28280)	Unit M, 1295 FSL & 25 FWL, Sec. 9	3715'- 3890'
State "A" A/C 2 No. 72 (28281)	Unit K, 1410 FSL & 1440 FWL, Sec. 9	3675'- 3875'

Applicant proposes to convert its State “A” A/C No. 64, 68, 70 and 72 wells from producers to injectors for waterflood operations and reinstate injection into its State “A” A/C No. 65, 67, 69 and 71 wells for waterflood operations. FAE plans to inject water through a closed system of perforations at depths of 3,599’ to 3,950’ within the Seven Rivers and Queen formations. The proposed average injection pressure through the Wells is expected to be approximately 700 psi.

The expected maximum injection pressure will be calculated relative to the depth of the highest perforation, using a factor of 0.2 psi/ft. The proposed Wells will have perforation depths of approximately 3,640' and 3,599' (or 728 psi and 720 psi maximum injection pressure, respectively). Pending results of a step rate test, the maximum injection pressure could potentially be increased to a factor of 0.6 psi/ft (or 2,184 psi at 3,640' and 2,160 psi at 3,599'). The proposed average injection rate is expected to be approximately 600 barrels of water per day. The maximum daily injection rate will be 1,000 barrels of water per day or as permitted by the Division. The Unit acreage is located approximately 7.5 miles southwest of Eunice, New Mexico.

**PROPOSED EVIDENCE**

<b><u>Witness</u></b>	<b><u>Occupation</u></b>	<b><u>Estimated Time</u></b>	<b><u>Exhibits</u></b>
Stephen Lehrbass	Director of Land	Affidavit	Approx. 7
Jessica LaMarro	Geologist	Affidavit	Approx. 5
Huxley Song	Vice President of Engineering	Affidavit	Approx. 2

**PROCEDURAL MATTERS**

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

Respectfully submitted,

HINKLE SHANOR, LLP

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
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QUESTIONS  
 Action 46249

**QUESTIONS**

Operator: FAE II Operating LLC 11757 Katy Freeway, Suite 1000 Houston, TX 77079	OGRID: 329326
	Action Number: 46249
	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	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>