

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

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Oil Conservation Division



May 13, 2020

Mr. Huxley Song
Forty Acres Energy LLC
11757 Katy Freeway
Suite 1000
Houston, TX 77079
E-mail: huxley@faenergyus.com

RE: WFX 1038: First Extension of Deadline to Commence Injection

West Eumont Secondary Recovery Project

Order Date: December 13, 2019

Injection approved West Eumont Unit; Eumont; Yates-7Rvrs-Queen Pool (Pool Code 22800 (oil) and 76480 (gas) for the following six wells located in Section 33, Township 20 South, Range 36 East, NMPM, Lea County:

- | | |
|----------------------------------|--------------|
| 1. West Eumont Unit Well No. 416 | H-33-20S-36E |
| 2. West Eumont Unit Well No. 419 | H-33-20S-36E |
| 3. West Eumont Unit Well No. 420 | A-33-20S-36E |
| 4. West Eumont Unit Well No. 421 | A-33-20S-36E |
| 5. West Eumont Unit Well No. 422 | A-33-20S-36E |

The West Eumont Unit Well No. 219 is a part of this Order but has already been drilled and thus, is not a part of this extension request.

WFX 1040: First Extension of Deadline to Commence Injection

West Eumont Secondary Recovery Project

Order Date: February 5, 2020

Injection approved West Eumont Unit; Eumont; Yates-7Rvrs-Queen Pool (Pool Code 22800 (oil) and 76480 (gas) for the following six wells located in Sections 1, 12 and 14 in Township 21 South, Range 35 East, NMPM, Lea County:

- | | |
|----------------------------------|----------------|
| 1. West Eumont Unit Well No. 114 | M-01-21S-35E |
| 2. West Eumont Unit Well No. 115 | M-01-21S-35E |
| 3. West Eumont Unit Well No. 116 | M-01-21S-35E |
| 4. West Eumont Unit Well No. 117 | M-01-21S-35E |
| 5. West Eumont Unit Well No. 126 | L-01-21S-35E |
| 6. West Eumont Unit Well No. 127 | L14-01-21S-35E |
| 7. West Eumont Unit Well No. 135 | C-12-21S-35E |
| 8. West Eumont Unit Well No. 136 | E-12-21S-35E |
| 9. West Eumont Unit Well No. 228 | I-02-21S-35E |

Mr. Song:

Reference is made to your request, dated May 1, 2020, on behalf of Forty Acres Energy LLC for a one-year extension for two waterflood projects: the WFX 1038 with the Order issued December 13, 2019, and WFX 1040 with the Order issued February 5, 2020. The reason for the extension request is the Covid-19 pandemic effect on commodity prices and your company's desire to ensure your operations are consistent with the government recommendations to minimize the spread of the virus.

It is the Division's understanding from your request that there have been no significant changes in the information provided in the application submitted for review and approval of this Division order. These changes include the completion of new wells within the Area of Review (AOR) that penetrated the approved injection interval and any changes in ownership.

The Division finds that granting this request to extend this Division order for one year is in the interest of conservation, will prevent waste, and will protect the environment.

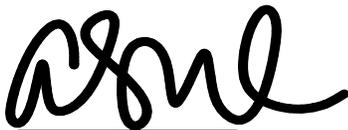
All requirements of the above referenced Division order and agreements subject to the order remain in full force and effect.

The deadline to commence injection for the existing orders is hereby extended one year.
Order 1038 is extended until December 13, 2021.
Order 1040 is extended until February 5, 2022.

If the Operator cannot commence injection by this deadline, the Operator may petition for an additional extension by submitting a written request (prior to the expiration of this extension's deadline date) that includes a determination for any new wells in the AOR and a statement on the current status of ownership.

If you have any questions regarding this matter, please contact Kathleen Murphy by e-mail: KathleenA.Murphy@state.nm.us

Sincerely,



ADRIENNE SANDOVAL
Director

AS/KAM

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office
WFX 1038 and WFX 1040