

State of New Mexico
Energy, Minerals and Natural Resources Department

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Adrienne Sandoval, Director
Oil Conservation Division



August 24, 2020

Garret Johnson
Forty Acres Energy, LLC
E-mail: garret@faenergyus.com

RE: Injection Pressure Increase; Order IPI-530
West Eumont Unit No. 525
Eumont; Yates-7 RVRs-Queen (oil) (pool code: 22800)
UIC Class II EOR Well

Dear Mr. Johnson:

Reference is made to your request on behalf of Forty Acres Energy, LLC (OGRID 371416; the “operator”) for the application received on March 25, 2020, to increase the maximum surface injection pressure (“MSIP”) on the following well:

| Well No. | API Number | UL-S-T-R | Injection Authority | Existing MSIP Limit (psi) | Existing Tubing OD (in) |
|--------------------------|--------------|--------------|---------------------|---------------------------|-------------------------|
| West Eumont Unit No. 525 | 30-025-45482 | F-35-20S-36E | WFX-1036 | 760 | 2.375 |

It is the Oil Conservation Division’s (“OCD”) understanding that the requested pressure increase is needed to increase the rate of injection and this pressure increase will not result in:

1. the fracturing of the permitted disposal interval;
2. the fracturing of either the upper or lower confining strata; or
3. induced-seismic events as a consequence of the higher injection pressure.

Based on the results of the submitted step rate injection test, the following shall be the new pressure limit while equipped with **injection** tubing:

| Well No. | Step Rate Test Date | Initial New MSIP Limit (psi) | While Injecting | Injection Interval (ft) | Pressure Gradient (psi/ft) |
|--------------------------|---------------------|------------------------------|-----------------|-------------------------|----------------------------|
| West Eumont Unit No. 525 | 6/26/2020 | 1850 | Water | 3789 - 3898 | 0.49 |

This approval is based on the provision that the tubing size, packer setting depth and completion interval for the well does not change. Any future requested pressure increase will require resubmission of additional data and/or a new step-rate test. The Director retains the right to require, at any time, wireline verification of completion and packer setting depths in the well. This approval is subject to your being in compliance with all other OCD rules including, but not limited to, Rule 19.15.5.9 NMAC.

The maximum surface injection pressure for the subject well shall not exceed 1,850 psi for the initial operation following the issuance of this Order. Prior to commencing the second year of injection following the issuance of this Order, the Operator shall submit a packet to the Engineering Bureau in Santa Fe containing a status update on the enhanced oil recovery project related to Administrative Order WFX-1036 which shall include production values, water cuts, and other relevant information. The OCD shall review the administratively approved MSIP and the submitted packet to confirm that the current MSIP is not causing waste to occur. The Director retains the authority to amend the MSIP should there be a finding that the current MSIP is causing waste to occur.

The Director may rescind any injection pressure increase permit if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval, impacts correlative rights, is endangering any freshwater aquifer or endangers public health and safety.

Sincerely,



ADRIENNE SANDOVAL
Director

AS/dm

cc: Oil Conservation Division – Hobbs District Office
Order WFX-1036
Well file 30-025-45482