

District I1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720District II811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720District III1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170District IV1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

☐ AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Extex Operating Company 5065 Westheimer Road #625 Houston, TX 77056		² OGRID Number 330423
		³ API Number 3002530520
⁴ Property Code 330456	⁵ Property Name DK	⁶ Well No. 3

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
B	25	20S	38E		660	N	1980	E	Lea

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

9. Pool Information

Pool Name	Pool Code
DK;ABO	15200

Additional Well Information

¹¹ Work Type A	¹² Well Type O	¹³ Cable/Rotary R	¹⁴ Lease Type P	¹⁵ Ground Level Elevation 3566
¹⁶ Multiple N	¹⁷ Proposed Depth 7850	¹⁸ Formation Abo	¹⁹ Contractor TBD	²⁰ Spud Date When approved
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits**21. Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
K-55	12 1/4	8 5/8	32#	1593	780	Surface
J-55	7 7/8	5 1/2	15.5# & 17#	7850	2247	Surface

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Manual	3000	5000	Townsend

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.Signature: *B. David Thomas*

Printed name: B. David Thomas

Title: Consultant/Operator's Representative

E-mail Address: davidthomastech@gmail.com

Date: 06/23/2022

Phone: 432-664-3590

OIL CONSERVATION DIVISION

Approved By:

P. Kautz

Title:

Approved Date: 07/08/2022

Expiration Date: 07/08/2024

Conditions of Approval Attached

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-30520	² Pool Code 15200	³ Pool Name DK; ABO
⁴ Property Code 330456	⁵ Property Name DK	⁶ Well Number 3
⁷ OGRID No. 330423	⁸ Operator Name Extex Operating Company	⁹ Elevation 3566

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	25	20S	38E		660	N	1980	E	Lea

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
				Signature: <u>B. David Thomas</u> Date: <u>06/23/2022</u> Printed Name: <u>B. David Thomas</u> E-mail Address: <u>davidthomastech@gmail.com</u>
				¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.
				Date of Survey: _____ Signature and Seal of Professional Surveyor: _____ Certificate Number: _____

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description

Effective May 25, 2021

I. Operator: Extex Operating Company **OGRID:** 330423 **Date:** 06 / 23 / 2022

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
DK #1	30-025-30136	A-25-20S-38E	660 FNL 660 FEL	25	50	50
DK #2	30-025-30403	H-25-20S-38E	1980 FNL 660 FEL	25	50	50
DK #3	30-025-30520	B-25-20S-38E	660 FNL 1980 FEL	25	50	50
DK #4	30-025-33577	G-25-20S-38E	1980 FNL 1980 FEL	25	50	50

IV. Central Delivery Point Name: DK #1 Tank Btry [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
DK #1	30-025-30136			09/01/2022	09/15/2022	09/15/2022
DK #2	30-025-30403			08/01/2022	08/15/2022	08/15/2022
DK #3	30-025-30520			07/15/2022	08/01/2022	08/01/2022
DK #4	30-025-33577			09/15/2022	10/01/2022	10/01/2022

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan**EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

If Operator checks this box, Operator will select one of the following:

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:
Printed Name: B. David Thomas
Title: Consultant/Operator's Representative
E-mail Address: davidthomastech@gmail.com
Date: 06/23/2022
Phone: 432-664-3590
OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form)
Approved By:
Title:
Approval Date:
Conditions of Approval:

NATURAL GAS MANAGEMENT PLAN - ATTACHMENTS

DK 1234 FACILITY – LEA COUNTY, NM

VI. Separation Equipment:

The DK 1234 production facility is an established production facility. The current daily production through the facility is approximately 9 bopd + 47 mcfgpd + 47 bwpd. The facility is sized to handle 800 bopd + 1000 mcfgpd + 500 bwpd. During and upon completion of the planned recompletion work the maximum anticipated production at any given time is estimated to be 100 bopd + 200 mcfgpd + 200 bwpd. The current sizing of the facility is such that the anticipated maximum production can be handled without any adjustments. If the actual maximum production exceeds the capability of the current facility it will be modified to handle such increase.

VII. Operational Practices:

19.15.27.8 (A) Venting and Flaring of Natural Gas

Extex Operating Company understands the requirements of NMAC 19.15.27.8 which states that the venting and flaring of natural gas during drilling, completion or production that constitutes waste as defined in 19.15.2 are prohibited.

19.15.27.8 (B) Venting and Flaring During Drilling Operations

Extex Operating Company shall capture or combust natural gas if technically feasible during drilling operations using best industry practices.

During drilling operations a flare stack with a 100 percent capacity for expected volumes will be set on location of the DK 1234 facility at least 100' from the nearest surface hole location, well head, and storage tanks.

In the event of an emergency Extex Operating Company will vent natural gas in order to avoid substantial impact and shall report vented or flared gas to the NM OCD.

19.15.27.8 (C) Venting and Flaring During Completion or Recompletion

As Extex Operating Company has an adequately designed production facility in place, if during recompletion operations, the need to produce oil and gas arises it will direct such oil and gas through the completion equipment at the tank battery. Any gas vented during transition of routing the gas to the production facility will be measured or estimated regardless of the reason or authorization for venting. During the life of the well(s) producing to the DK 1234 facility an AVO inspection will be performed weekly (at minimum) to confirm that all production equipment

is operating properly and there are no leaks or releases as allowed in subsection D of 19.15.27.8 NMAC.

19.15.27.8 (D) Venting and Flaring During Production Operations

At any point in the life of the well(s) (production or inactive) an AVO inspection will be performed weekly (at minimum) to confirm that all production equipment is operating properly and there are no leaks except as allowed in subsection D of 19.15.27.8 NMAC. Monitoring of manual liquid unloading for wells on site or in close proximity, taking reasonable actions to stabilize rate and pressure as soon as practical, and take reasonable actions to minimize venting to the maximum extent practicable. Extex Operating Company will measure or estimate volumes of natural gas that is vented, flared or beneficially used during drilling, completion, and production operations, regardless of the reason for such venting or flaring.

19.15.27.8 (E) Performance Standards

All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste. An AVO inspection will be performed weekly (at minimum) to confirm that all production equipment is operating properly and there are no leaks except as allowed in subsection D of 19.15.27.8 NMAC.

19.15.27.8 (F) Measurement or Estimation of Vented and Flared Natural Gas

The volume of natural gas vented or flared from process piping or a flowline piped from the equipment associated with a well and the DK 1234 facility will be measured or estimated. Measurement equipment is designed to allow diversion of natural gas around the equipment for the sole purpose of inspecting and servicing the measurement equipment, as noted in NMAC 19.15.27.8 Subsection G.

VIII. Best Management Practices:

Extex Operating Company utilizes best management practices to minimize venting during active and planned maintenance. All gas is sold during normal producing operations. The only time gas will be vented or flared will be during planned maintenance or for emergence reasons. During any required instance of gas venting or flaring the volume of gas will be measured or estimated.

DK #3 (API#3002530520) Formation tops

YATES	2895
7-RIV	3165
QUEEN	3517
GRAYBURG	3882
SAN_ANDRES	4301
GLORIETA	5568
PADDOCK	5641
CLEARFORK	5729
BLINEBRY	6030
TUBB	6596
DRINKARD	6832
ABO	7108
WOLFCAMP	7475

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CONDITIONS

Action 120018

CONDITIONS

Operator: Extex Operating Company 5065 Westheimer Road Houston, TX 77056	OGRID: 330423
	Action Number: 120018
	Action Type: [C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By	Condition	Condition Date
pkautz	None	7/8/2022