

Well Name: MILNESAND SA	Well Location: T8S / R35E / SEC 18 / NESW / 33.619391 / -103.402491	County or Parish/State: ROOSEVELT / NM
Well Number: 34	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMLC060978	Unit or CA Name: MILNESAND SAN ANDRES UNIT	Unit or CA Number: NMNM70990X
US Well Number: 3004100033	Well Status: Oil Well Shut In	Operator: EOR OPERATING COMPANY

Notice of Intent

Sundry ID: 2703986

Type of Submission: Notice of Intent	Type of Action: Recompletion
Date Sundry Submitted: 11/21/2022	Time Sundry Submitted: 10:51
Date proposed operation will begin: 11/30/2022	

**Procedure Description:** The MSU 34 is to be recompleted as a test in the Yates and Queen formations. Production from the existing San Andres formation has been deemed uneconomic due to a low oil cut. The well's existing San Andres production zone will be plugged with a CIBP and 35' of Class C cement set within 100' of the top perforation. The Yates (approx. 2,620' – 2,670') and Queen (approx. 3,310' – 3,360) formations will then be perforated, acidized, and produced to test for productivity. The results of this test will provide information to the economic outlook and feasibility of a wider program, possibly providing a productive alternative to plugging inactive well bores in the area.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

- MSU\_34\_\_\_Recompletion\_20221128123958.pdf
- 30\_041\_10033\_Proposed\_WBS\_20221128123948.pdf
- 30\_041\_10033\_Current\_WBS\_20221128123935.pdf

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ANDRES UNIT

Unit or CA Number:  
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Well Status: Oil Well Shut In

Operator: EOR OPERATING  
COMPANY

Conditions of Approval

Specialist Review

Conditions\_of\_Approval\_20221128141824.pdf

Operator

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: WILLIAM BOYD

Signed on: NOV 28, 2022 12:40 PM

Name: EOR OPERATING COMPANY

Title: Land & Regulatory Manager

Street Address: 575 N DAIRY ASHFORD RD EC 11 SUITE 210

City: HOUSTON State: TX

Phone: (713) 574-7912

Email address: wboyd@pedevco.com

Field

Representative Name: Caleb Rushing

Street Address:

City: State: Zip:

Phone: (575)602-3283

Email address: crushing@pedevco.com

BLM Point of Contact

BLM POC Name: JENNIFER SANCHEZ

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5756270237

BLM POC Email Address: j1sanchez@blm.gov

Disposition: Approved

Disposition Date: 11/28/2022

Signature: Jennifer Sanchez

District I  
1625 N French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (505) 748-9720

District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

<sup>1</sup> API Number 30-041-00033	<sup>2</sup> Pool Code 98376	<sup>3</sup> Pool Name WC-041 G-01 S083518K;YATES
<sup>4</sup> Property Code 304998	<sup>5</sup> Property Name MILNESAND SAN ANDRES UNIT	<sup>6</sup> Well Number 034
<sup>7</sup> OGRID No. 257420	<sup>8</sup> Operator Name EOR OPERATING COMPANY	<sup>9</sup> Elevation 4,229 GL

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	18	08S	35E		1,980	NORTH	1980	WEST	ROOSEVELT

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40.00	<sup>13</sup> Joint or Infill Y	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.

<sup>16</sup> 	<sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>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.</i>  Signature <span style="float: right;">12/8/22</span> Date William Boyd Printed Name wboyd@pederco.com E-mail Address		
	<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> <i>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.</i>		
	Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number		

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# WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-041-00033		<sup>2</sup> Pool Code 98377		<sup>3</sup> Pool Name WC-041 G-01 S083518K;QUEEN	
<sup>4</sup> Property Code 304998		<sup>5</sup> Property Name MILNESAND SAN ANDRES UNIT			<sup>6</sup> Well Number 034
<sup>7</sup> OGRID No. 257420		<sup>8</sup> Operator Name EOR OPERATING COMPANY			<sup>9</sup> Elevation 4,229 GL

## <sup>10</sup> Surface Location




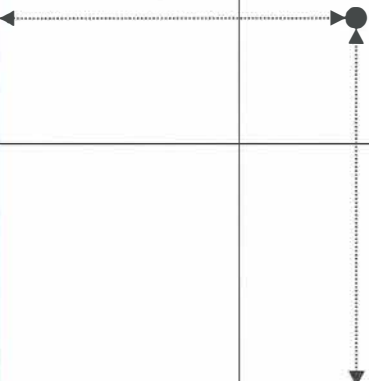
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	18	08S	35E		1,980	NORTH	1980	WEST	ROOSEVELT

<sup>11</sup> 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
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<sup>12</sup> Dedicated Acres 40.00	<sup>13</sup> Joint or Infill Y	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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			<p align="center"><b>17 OPERATOR CERTIFICATION</b></p> <p><i>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.</i></p> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">               Signature         </div> <div style="width: 35%; text-align: center;"> <div style="font-size: 1.5em;">12/8/22</div>              Date         </div> </div> <div style="margin-top: 10px;">               Printed Name         </div> <div style="margin-top: 10px;">   <u>E-mail Address</u> </div>
1,980'			<p><b>18 SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <div style="margin-top: 20px;">             Date of Survey               Signature and Seal of Professional Surveyor:         </div> <div style="margin-top: 20px;">             Certificate Number         </div>

**Attachment to Natural Gas Management Plan  
EOR Operating Company  
OGRID #257420**

EOR ("Operator") does not expect the recompletion operation to produce more than 3 MCF/Day. Should that volume be exceeded in production operations, please see the below responses to the requirements of the Natural Gas Management Plan. Should the gas production not meet or exceed the expected 3 MCF/Day, gas will be utilized for power generation on lease.

**Section 1**

**VI. Separation Equipment**

Operator will install a 4 x 8 horizontal 3 phase separator sufficient to optimize gas capture.

**VII. Operational Practices**

- A. Operator will utilize produced gas as fuel for power generation on location. Should gas production increase, flare stacks will be installed to avoid venting excess gas.
- B. This is a recompletion operation, not a drilling operation and no gas is expected to be produced during recompletion.
- C. During initial flowback fluids will be produced into storage tankage. During separation flowback operator will use produced gas for power generation on location.
- D. Operator will not flare or vent gas during production operations. Gas will be utilized for power generation.
- E. Tankage will be equipped with automatic metering devices to minimize waste. Should a flare stack become necessary it will be installed in accordance with all design standards.
- F. Metering will be conducted to accurately report all gas produced, used or flared. Should gas be produced at low enough volume to not require metering, GOR will be used and volumes reported on the form C-116.

**VIII. Best Management Practices**

Produced gas will be primarily used as fuel gas supply at the production facility. Flare stacks will be implemented during maintenance and emergency situations to avoid venting during any active or planned maintenance.

**Section 3**

**Venting and Flaring Plan**

If gas is produced in sufficient volumes, operator plans to utilize gas for power generation on lease.

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:** \_\_\_\_\_ EOR Operating Company \_\_\_\_\_ **OGRID:** 257420 \_\_\_\_\_ **Date:** 11/30/2022 \_\_\_\_\_

**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
MSU #034	30-041-00033	K-18-08S-35E	1980 FSL & 1980 FWL	10	3	40

**IV. Central Delivery Point Name:** \_\_\_\_\_ NONE \_\_\_\_\_ [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
MSU #034	30-041-00033	11/03/1961		12/5/2022	TBD	TBD

**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: WILLIAM BOYD
Title: LAND & REGULATORY MANAGER
E-mail Address: wboyd@pedevco.com
Date: 11/30/2022
Phone: (713) 574-7912

<p><b>OIL CONSERVATION DIVISION</b> <b>(Only applicable when submitted as a standalone form)</b></p>
Approved By:
Title:
Approval Date:
Conditions of Approval:



OD	ID
OD	ID

**Milnesand SA 34  
30-041-00033  
EOR Operating Company  
November 28, 2022  
Conditions of Approval**

**Notify BLM at 575-627-0272 a minimum of 24 hours prior to commencing work.**

- 1. Operator shall place CIBP 50'-100' above topmost perf and place 25 sx Class C cement on top as proposed. WOC and TAG.**
- 2. Operator must conduct a casing integrity test before perforating. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails.**
- 3. Operator has approval to test the Yates and Queen formations. This is NOT an approval to commingle, if found productive and the operator wishes to commingle the two zones, they must first obtain approval from the New Mexico Oil Conservation Division via a C-107 form and then submit that approval to the BLM for BLM approval.**
- 4. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.**
- 5. Surface disturbance beyond the originally approved pad must have prior approval.**
- 6. Closed loop system required.**
- 7. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.**
- 8. Operator to have H2S monitoring equipment on location.**
- 9. A minimum of a **3000 (3M)** BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (5M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.**

10. Subsequent sundry required detailing work done and completion report for the new formations. Operator to include well bore schematic of current well condition when work is complete.

**JAM 11282022**

**Attachments to C-101**  
**Well Name: MSU #034**  
**API #: 30-041-00033**  
**S18-T08S-R35E**  
**Roosevelt County, NM**

- I. Expected Formation Tops:
  - a. Yates – 2,620'
  - b. Queen – 3,315'
- II. BOP Design: 7 1/16" 5M BOP with the workover rig
- III. Closed Loop: No open pits will be utilized for this operation. All fluids will be contained at surface in tanks. Recompletion will be closed loop.



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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS  
  
Action 163114

CONDITIONS

Operator: EOR OPERATING COMPANY 575 N Dairy Ashford Suite 210 Houston, TX 77079	OGRID: 257420
	Action Number: 163114
	Action Type: [C-101] BLM - Federal/Indian Land Lease (Form 3160-3)

CONDITIONS

Created By	Condition	Condition Date
pkautz	WILL REQUIRE DHC APPROVAL FOR THE YATES AND QUEEN POOLS.	12/8/2022