

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: (575) 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 and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
 Revised July 18, 2013

AMENDED REPORT

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 DK;ABO | Pool Code 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

| |
|--|
| |
|--|

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 | |
| ⁷ OGRID No. 330423 | ⁸ Operator Name Extex Operating Company | ⁶ Well Number 3 |
| ⁹ Elevation 3566 | | |

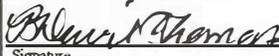
¹⁰ Surface Location

| 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.

| | | | |
|---|--|-------|--------------------|
| 660' | | 1980' | |
| ¹⁷ OPERATOR CERTIFICATION | | | |
| <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> | | | |
|  Signature | | | 06/23/2022 Date |
| B. David Thomas Printed Name | | | |
| davidthomastech@gmail.com E-mail Address | | | |
| ¹⁸ SURVEYOR CERTIFICATION | | | |
| <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> | | | |
| 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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Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

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 |