

| | | |
|---------------------------------------|---|--|
| Well Name: THORPE MI FEDERAL | Well Location: T7S / R25E / SEC 3 / SWNW / | County or Parish/State: CHAVES / NM |
| Well Number: 3 | Type of Well: CONVENTIONAL GAS WELL | Allottee or Tribe Name: |
| Lease Number: NMNM28162 | Unit or CA Name: | Unit or CA Number: |
| US Well Number: 300056093900S1 | Well Status: Producing Gas Well | Operator: IACX PRODUCTION LLC |

Notice of Intent

Sundry ID: 2652291

Type of Submission: Notice of Intent

Type of Action: Recompletion

Date Sundry Submitted: 01/12/2022

Time Sundry Submitted: 12:38

Date proposed operation will begin: 01/14/2022

Procedure Description: IACX Production plans to add additional Abo intervals as follows: Rig up all safety equipment as needed. Perforate Abo in the following intervals 3,654'-58' 82'-88', 3,728'-38' 52'-58' 91'-99'. Stimulate as needed

Surface Disturbance

Is any additional surface disturbance proposed?: No

Well Name: THORPE MI FEDERAL

Well Location: T7S / R25E / SEC 3 / SWNW /

County or Parish/State: CHAVES / NM

Well Number: 3

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMNM28162

Unit or CA Name:

Unit or CA Number:

US Well Number: 300056093900S1

Well Status: Producing Gas Well

Operator: IACX PRODUCTION LLC

Operator Certification

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 submission of Form 3160-5 or a Sundry Notice.

Operator Electronic Signature: KEITH HUTCHENS

Signed on: JAN 12, 2022 12:37 PM

Name: IACX PRODUCTION LLC

Title: Production Manager

Street Address: 6263 N. MAIN

City: ROSWELL

State: NM

Phone: (575) 416-3240

Email address: KEITHHUTCHENS@IACXPRODUCTION.COM

Field Representative

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

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: 01/13/2022

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
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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

| | | | | | |
|---|--|---|--|--|---------------------------------|
| ¹ API Number 30-005-60939 | | ² Pool Code 82730 | | ³ Pool Name Pecos Slope; Abo (Gas) | |
| ⁴ Property Code 328066 | | ⁵ Property Name Thorpe MI Federal | | | ⁶ Well Number 3 |
| ⁷ OGRID No. 329877 | | ⁸ Operator Name IACX Production, LLC. | | | ⁹ Elevation 3784' |

¹⁰ Surface Location

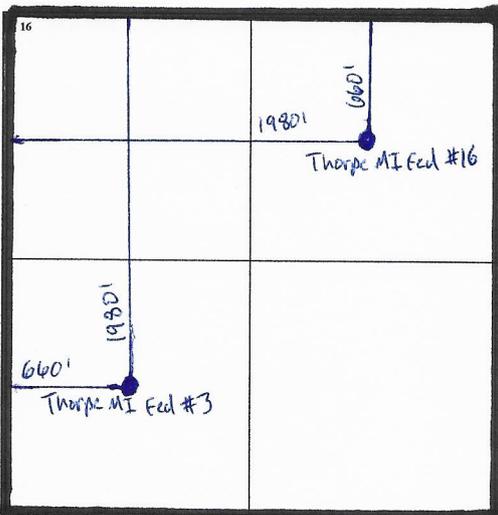
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E | 3 | 7S | 25E | | 1980 | North | 660 | West | Chaves |

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 160 | 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.



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] 1/14/2022
Signature Date

Keith Hutchens
Printed Name
keithhutchens@iacxproduction.com
E-mail Address

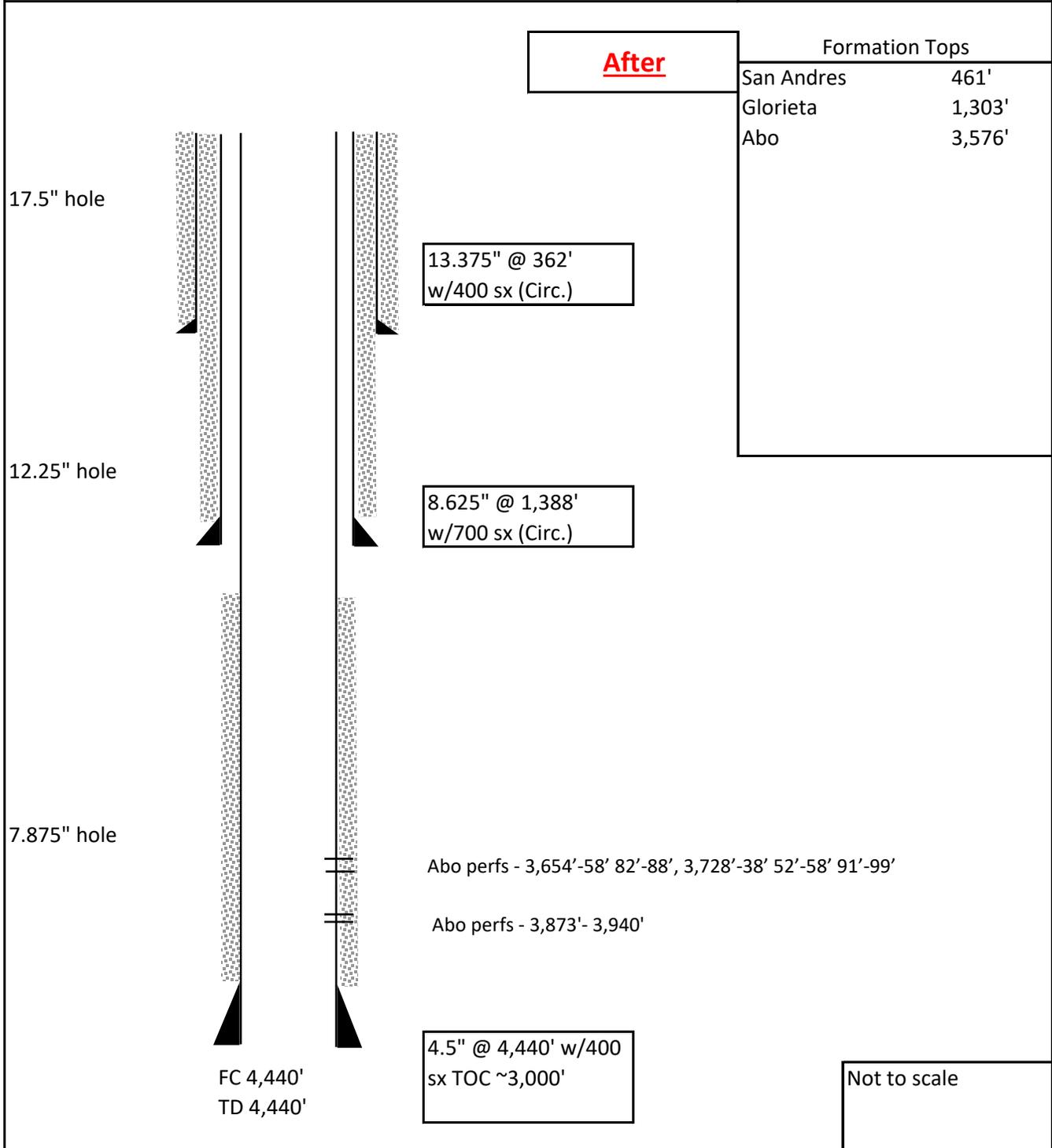
¹⁸ SURVEYOR CERTIFICATION

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.

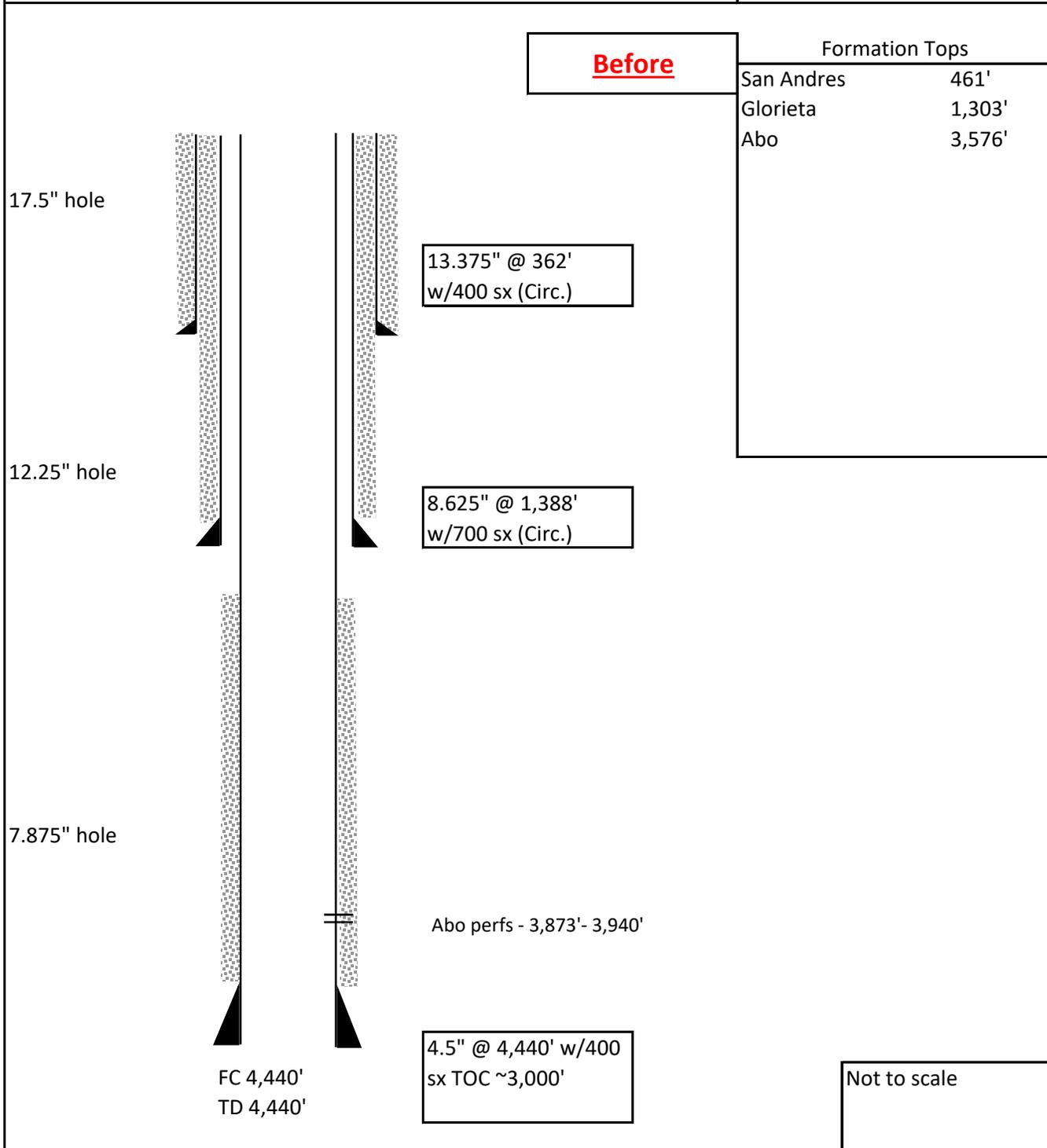
Date of Survey
Signature and Seal of Professional Surveyor:

Certificate Number

| | | | |
|---|------------------|-------------------|--------|
| Well Name: Thorpe MI Federal #3 | Field: | Casing Program | |
| Location: 1980' FNL & 660' FWL Sec 3-7S-25E Chaves County | | 13-3/8" 54.5# K55 | 362' |
| GL: 3,784' Zero: | KB: | 8-5/8" 24# K55 | 1,388' |
| Spud Date: 04/26/81 | Completion Date: | 4-1/2" 9.5# K55 | 4,440' |
| Comments: API No. 30-005-60939 | | | |



| | | | |
|---|------------------|-------------------|--------|
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IACX Production LLC

Natural Gas Management Plan – Attachment

VI. IACX Production, LLC. production tank batteries include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool in conjunction with the total number of wells planned to or existing within the facility. Separation equipment is upgraded prior to well being drilled or completed, if determined to be undersized or needed. The separation equipment is designed and built according to the relevant industry specifications (API specification 12J and ASME Sec VIII Div I). Other recognized industry publications such as the Gas Processors Suppliers Association (GPSA) are referenced when designing separation equipment to optimize gas capture.

VII. IACX Production LLC will take the following actions to comply with the regulations listed in 19.15.27.8:

A. IACX Production will maximize the recovery of natural gas by minimizing waste, as defined by 19.15.2 NMAC, of natural gas through venting and flaring. IACX Production will ensure that our wells will be connected to a natural gas gathering system with sufficient capacity to transport natural gas.

B. All drilling operations will be equipped with a rig flare at least 100 feet from the nearest surface hole location. Rig flare will be utilized to combust any natural gas that is brought to surface during normal operations. In the case of emergency, flaring volumes will be reported appropriately.

C. During completion operations any natural gas brought to surface will be flared rather than vented, where technically feasible. Immediately following completion operations, wells will flow to permanent separation equipment. Produced natural gas from separation equipment will be sent to sales. If natural gas does not meet gathering pipeline specifications, IACX Production will flare for 60 days or until natural gas meets the pipeline specifications. IACX Production will ensure flare is properly sized and is equipped with an automatic igniter or continuous pilot. Gas samples will be taken twice per week and natural gas will be routed into a gathering system as soon as the pipeline specifications are met.

D. Natural gas will not be flared with the exception of 19.15.27.8(D)(1-4). If there is no adequate takeaway for the separator gas, wells will be shut-in until that natural gas gathering system is available with exception of emergency or malfunction situations. Volumes will be reported appropriately.

E. IACX Production will comply with performance standards pursuant to 19.15.27.8(E)(1-8). All equipment will be designed and sized to handle maximum pressures to minimize waste. Storage tanks constructed after May 25, 2021 will be equipped with an automatic gauging system that reduces venting of natural gas. Flare stacks installed or replaced after May 25, 2021 will be equipped with an automatic ignitor or continuous pilot. IACX Production will conduct AVO inspections as described in 19.15.27.8(E)(5)(a) with frequencies specified in 19.15.27.8(E)(5)(b) and (c). All emergencies or malfunctions will be resolved as quickly and safely as possible to minimize waste.

F. The volume of natural gas that is vented or flared as the result of an emergency or malfunction during drilling and/or completion operations will be estimated and reported accordingly. The volume of natural gas that is vented, flared or beneficially used during production operations, will be measured and reported accordingly. IACX Production will install equipment to measure the volume of natural gas

flared from existing piping or a flowline piped from equipment such as high-pressure separators, heater treaters, or VRUs associated with a well or facility associated with a well authorized by an APD after May 25, 2021 that has an average daily production of less than 60,000 cubic feet of natural gas. If metering is not practicable due to circumstances such as low flow rate or low pressure venting or flaring, IACX Production will estimate the volume of flared or vented natural gas. Measuring equipment will conform to industry standards and will not be equipped with a manifold

VIII. For maintenance activities involving production equipment and compression, venting will be limited to the depressurization of the subject equipment to ensure safe working conditions. For maintenance of production equipment, the associated producing wells will be shut-in to eliminate venting. For maintenance of VRUs, all natural gas normally routed to the VRU will be routed to flare.

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: IACX Production, LLC. **OGRID:** 329877 **Date:** 01/ 24 / 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 |
|----------------------|--------------|------------|-----------------|-----------------------|-----------------------|----------------------------------|
| Thorpe MI Federal #3 | 30-005-60939 | E-3-7S-25E | 1980’N 660’W | 0 | 450 | 0 |
| | | | | | | |

IV. Central Delivery Point Name: Thorpe MI Federal #3 [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 |
|-----------------------------|---------------------|-----------|-----------------|------------------------------|------------------------|-----------------------|
| <u>Thorpe MI Federal #3</u> | <u>30-005-60939</u> | | | <u>1/14/2022</u> | <u>1/20/2022</u> | <u>1/26/2022</u> |
| | | | | | | |

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: Keith Hutchens | |
| Title: Production Supervisor | |
| E-mail Address: keithhutchens@iacxproduction.com | |
| Date: 1/24/2022 | |
| Phone: 575-416-3240 | |

OIL CONSERVATION DIVISION
(Only applicable when submitted as a standalone form)

| | |
|-------------------------|--|
| Approved By: | |
| Title: | |
| Approval Date: | |
| Conditions of Approval: | |

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
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District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

COMMENTS

Action 74580

COMMENTS

| | |
|---|---|
| Operator: IACX Production LLC 5001 LBJ Freeway, Suite 300 Dallas, TX 75244 | OGRID: 329877 |
| | Action Number: 74580 |
| | Action Type: [C-103] NOI Recompletion (C-103E) |

COMMENTS

| Created By | Comment | Comment Date |
|------------|-------------------------|--------------|
| kpickford | KP GEO review 1/27/2022 | 1/27/2022 |

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
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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 74580

CONDITIONS

| | |
|---|---|
| Operator: IACX Production LLC 5001 LBJ Freeway, Suite 300 Dallas, TX 75244 | OGRID: 329877 |
| | Action Number: 74580 |
| | Action Type: [C-103] NOI Recompletion (C-103E) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--|----------------|
| jagarcia | A C-104 for adding additional pay will be needed prior to production | 7/22/2022 |