

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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

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

Form C-101
August 1, 2011
Permit 321384

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

1. Operator Name and Address STEWARD ENERGY II, LLC 2600 Dallas Parkway Frisco, TX 75034		2. OGRID Number 371682
		3. API Number 30-025-50369
4. Property Code 317170	5. Property Name BROKEN SPOKE 2 STATE	6. Well No. 002H

7. Surface Location

UL - Lot G	Section 11	Township 14S	Range 38E	Lot Idn 2	Feet From 1338	N/S Line N	Feet From 1362	E/W Line E	County Lea
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8. Proposed Bottom Hole Location

UL - Lot B	Section 2	Township 14S	Range 38E	Lot Idn 1	Feet From 100	N/S Line N	Feet From 1359	E/W Line E	County Lea
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9. Pool Information

BRONCO;SAN ANDRES, SOUTH	7500
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3777
16. Multiple N	17. Proposed Depth 11000	18. Formation San Andres	19. Contractor	20. Spud Date 7/27/2022
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
Surf	12.25	9.625	36	2250	855	0
Prod	8.5	7	29	5600	0	0
Prod	8.5	5.5	20	11000	2800	0

Casing/Cement Program: Additional Comments

ALL TAPERED STRING- ALL CEMENT IS ON 5-1/2" CASING
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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	15000	SCHAFFER
Annular	3000	1500	SCHAFFER

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. Signature:	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Scott Stedman	Approved By: Paul F Kautz
Title: Executive Vice President	Title: Geologist
Email Address: scott.stedman@stewardenergy.net	Approved Date: 7/25/2022
Date: 7/14/2022	Expiration Date: 7/25/2024
Phone: 214-297-0514	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 30-025-50369		² Pool Code 7500		³ Pool Name BRONCO; SAN ANDRES, SOUTH	
⁴ Property Code 317170		⁵ Property Name BROKEN SPOKE 2 STATE			⁶ Well Number 2H
⁷ OGRID No. 371682		⁸ Operator Name STEWARD ENERGY II, LLC			⁹ Elevation 3777'

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
G(2)	11	14S	38E	2	1338	NORTH	1362	EAST	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
B(1)	2	14S	38E	1	100	NORTH	1359	EAST	LEA

¹² Dedicated Acres 210.5	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

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.

Vanessa Lopez 7/13/2022
Signature Date

Vanessa Lopez
Printed Name

vanessa.lopez@stewardenergy.com
E-mail Address

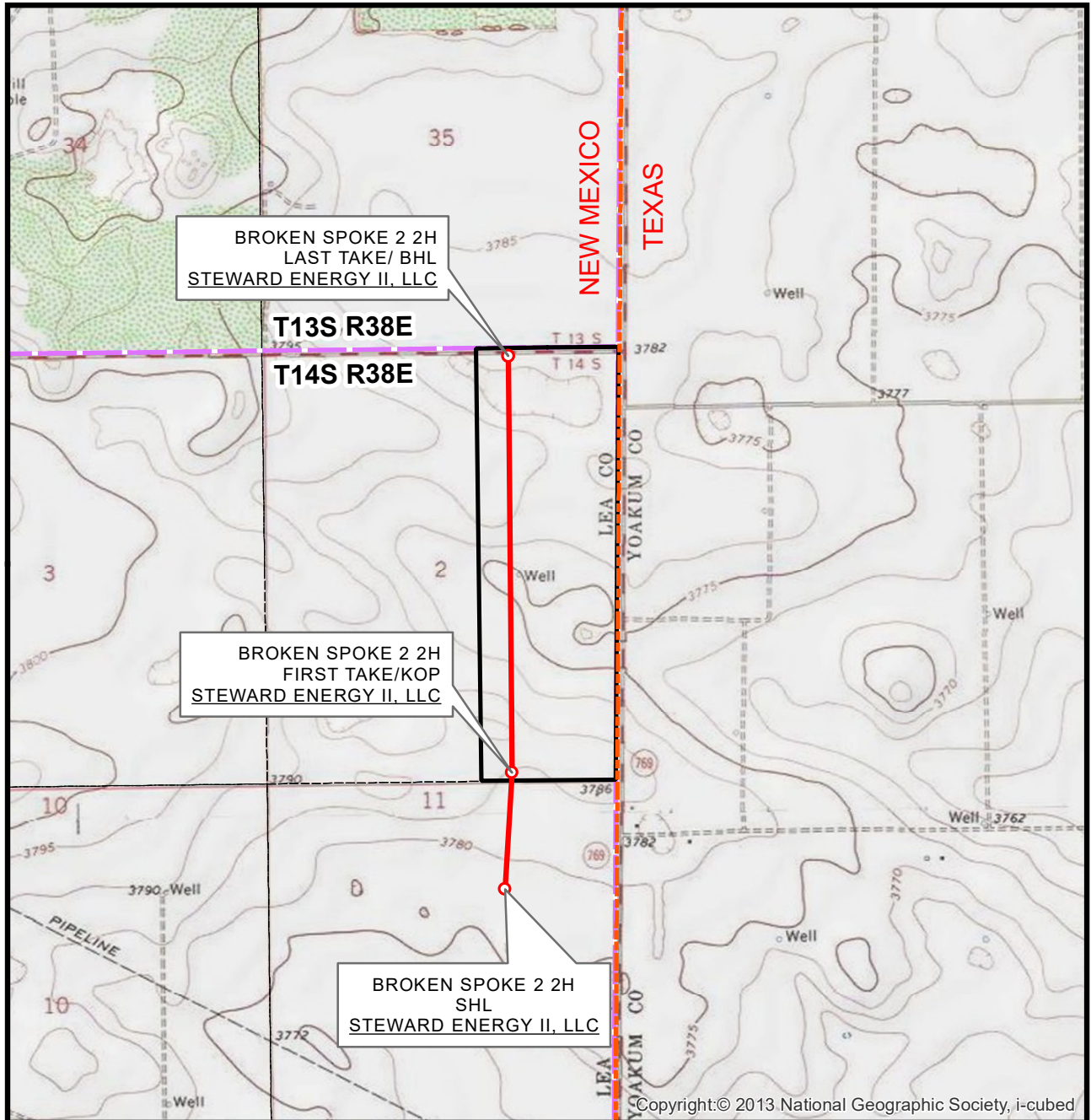
18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JULY 11, 2022
Date of Survey

David W. Myers
Signature and Seal of Professional Surveyor

Certificate Number
DAVID W. MYERS 11403

LOCATION VERIFICATION MAP



SEC. 11 TWP. 14-S RGE. 38-E
 SURVEY: N.M.P.M.
 COUNTY: LEA
 OPERATOR: STEWARD ENERGY II, LLC
 DESCRIPTION: 1338' FNL & 1362' FEL
 ELEVATION: 3777'
 LEASE: BROKEN SPOKE 2
 U.S.G.S. TOPOGRAPHIC MAP: PRAIRIEVIEW NE, NM, TX .

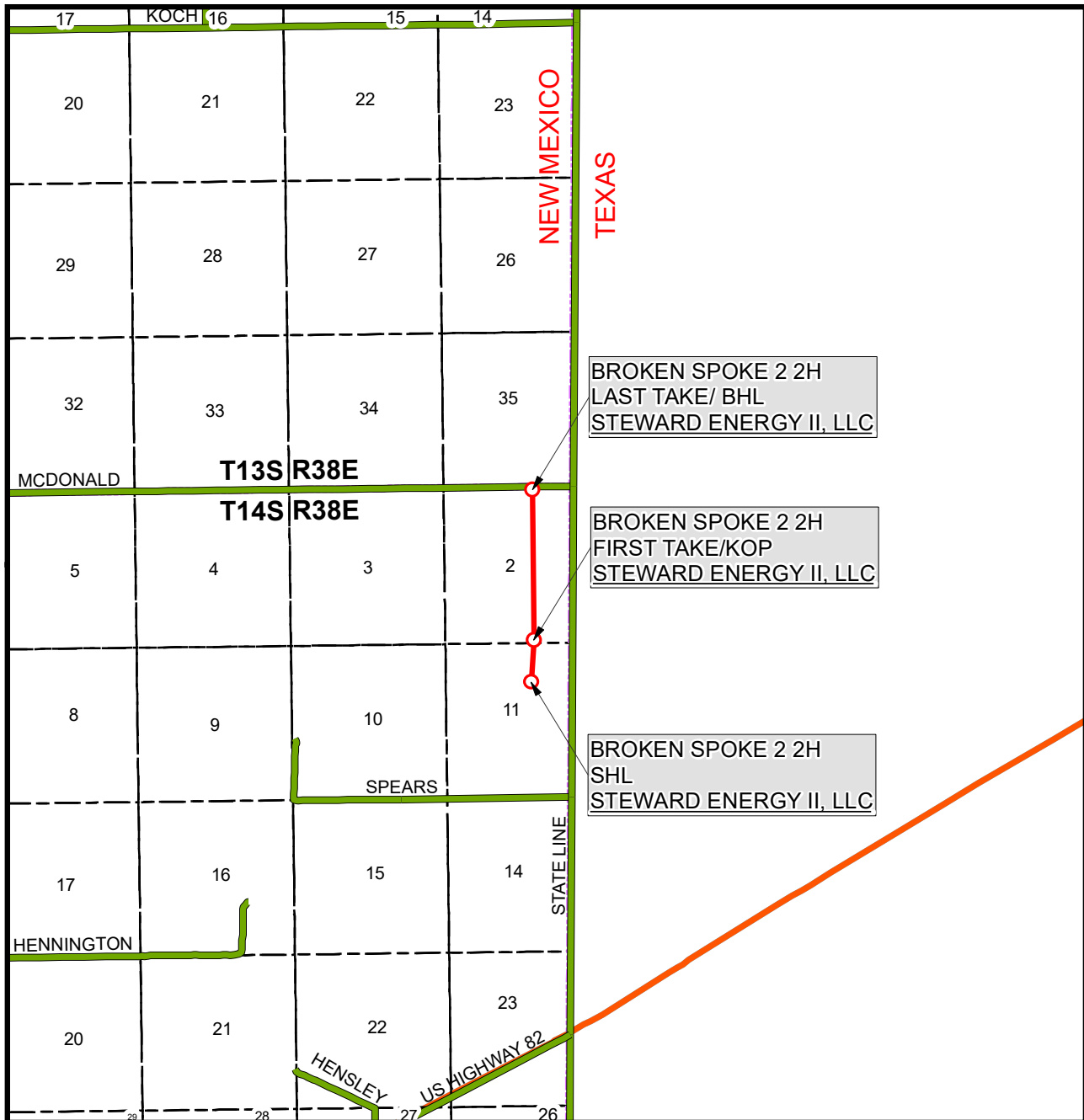
1" = 2,000'
 CONTOUR INTERVAL = 10'



SHEET 2 OF 3

PREPARED BY:
 R-SQUARED GLOBAL, LLC
 510 TRENTON ST., UNIT B,
 WEST MONROE, LA 71291
 318-323-6900 OFFICE
 JOB No. R4280_001

VICINITY MAP



SEC. 11 TWP. 14-S RGE. 38-E
 SURVEY: N.M.P.M.
 COUNTY: LEA
 OPERATOR: STEWARD ENERGY II, LLC
 DESCRIPTION: 1338' FNL & 1362' FEL
 ELEVATION: 3777'
 LEASE: BROKEN SPOKE 2
 U.S.G.S. TOPOGRAPHIC MAP: PRAIRIEVIEW NE, NM, TX.

1" = 1 MILE



SHEET 3 OF 3

PREPARED BY:
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 WEST MONROE, LA 71291
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Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Comments

Permit 321384

PERMIT COMMENTS

Operator Name and Address: STEWARD ENERGY II, LLC [371682] 2600 Dallas Parkway Frisco, TX 75034	API Number: 30-025-50369
	Well: BROKEN SPOKE 2 STATE #002H

Created By	Comment	Comment Date
vlopez	ALL TAPPERED STRING ALL CEMENT IS ON 5 1/2" CASING	7/14/2022
pkautz	HOLD DIRECTIONAL DRILL PLAN IS INCOMPLETE	7/22/2022

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Form APD Conditions

Permit 321384

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: STEWARD ENERGY II, LLC [371682] 2600 Dallas Parkway Frisco, TX 75034	API Number: 30-025-50369
	Well: BROKEN SPOKE 2 STATE #002H

OCD Reviewer	Condition
pkautz	Notify OCD 24 hours prior to casing & cement
pkautz	Will require a File As Drilled C-102 and a Directional Survey with the C-104
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
pkautz	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system
pkautz	Cement is required to circulate on both surface and intermediate 1 strings of casing
pkautz	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud

~VERSION INFORMATION

VERS. 2 : CWLS LOG ASCII STANDARC- VERSION
 WRAP. NO : ONE LINE PER DEPTH STEP

~WELL INFORMATION BLOCK

MNEM.UN DATA DESCRIPTION OF MNEMONIC
 #-----
 STRT.FT 0 : START DEPTH
 STOP.FT 11379.35 : STOP DEPTH
 STEP.FT 0 : STEP DEPTH
 NULL. -999.25 : NULL VALUE
 COMP. Steward Energy II LLC : COMPANY NAME
 WELL. Broken Spoke 2 2H : WELL NAME
 FLD. Lea County NM (NAD 83) NM East Zone
 LOC. : LOCATION / LEASE
 CNTY. OFFSHORE: COUNTY
 STAT. Texas : STATE NAME
 CTRY. USA : COUNTRY NAME
 SRVC. : SERVICE COMPANY
 API. : API SERIAL NUMBER
 DATE. 13:39:35 14-Jul-22 : DATE

~CURVE INFORMATION

MNEM.UN CURVE DESCRIPTION
 #-----
 DEPTH INC AZM TVD NORTH EAST VS DLS
 0 0 0 0 0 0 0 0
 100 0 0 100 0 0 0 0
 200 0 0 200 0 0 0 0
 300 0 0 300 0 0 0 0
 400 0 0 400 0 0 0 0
 500 0 0 500 0 0 0 0
 600 0 0 600 0 0 0 0
 700 0 0 700 0 0 0 0
 800 0 0 800 0 0 0 0
 900 0 0 900 0 0 0 0
 1000 0 0 1000 0 0 0 0
 1100 0 0 1100 0 0 0 0
 1200 0 0 1200 0 0 0 0
 1300 0 0 1300 0 0 0 0
 1400 0 0 1400 0 0 0 0
 1500 0 0 1500 0 0 0 0
 1600 0 0 1600 0 0 0 0
 1700 0 0 1700 0 0 0 0
 1800 0 0 1800 0 0 0 0
 1900 0 0 1900 0 0 0 0
 2000 0 0 2000 0 0 0 0
 2100 0 0 2100 0 0 0 0

2200	0	0	2200	0	0	0	0
2300	0	0	2300	0	0	0	0
2400	0	0	2400	0	0	0	0
2500	0	0	2500	0	0	0	0
2600	0	0	2600	0	0	0	0
2700	0	0	2700	0	0	0	0
2800	0	0	2800	0	0	0	0
2900	0	0	2900	0	0	0	0
3000	0	0	3000	0	0	0	0
3100	0	0	3100	0	0	0	0
3200	0	0	3200	0	0	0	0
3300	0	0	3300	0	0	0	0
3400	0	0	3400	0	0	0	0
3500	0	0	3500	0	0	0	0
3600	0	0	3600	0	0	0	0
3700	0	0	3700	0	0	0	0
3800	0	0	3800	0	0	0	0
3900	0	0	3900	0	0	0	0
4000	0	0	4000	0	0	0	0
4066	0	0	4066	0	0	0	0
4100	1.605	3.35	4100	0.48	0.03	0.48	4.72
4200	6.325	3.35	4199.73	7.38	0.43	7.37	4.72
4300	11.045	3.35	4298.55	22.45	1.31	22.43	4.72
4400	15.765	3.35	4395.8	45.58	2.67	45.56	4.72
4500	20.485	3.35	4490.81	76.63	4.49	76.58	4.72
4600	25.205	3.35	4582.94	115.38	6.75	115.31	4.72
4700	29.925	3.35	4671.57	161.56	9.46	161.46	4.72
4800	34.645	3.35	4756.08	214.87	12.58	214.74	4.72
4900	39.365	3.35	4835.92	274.93	16.09	274.77	4.72
5000	44.085	3.35	4910.53	341.36	19.98	341.15	4.72
5100	48.805	3.35	4979.42	413.68	24.22	413.44	4.72
5200	53.525	3.35	5042.11	491.42	28.77	491.13	4.72
5300	58.245	3.35	5098.18	574.05	33.6	573.71	4.72
5337.19	60	3.35	5117.26	605.91	35.47	605.55	4.72
5400	60	3.35	5148.67	660.21	38.65	659.82	0
5500	60	3.35	5198.67	746.67	43.71	746.22	0
5587.19	60	3.35	5242.26	822.05	48.12	821.56	0
5600	60.605	3.35	5248.61	833.16	48.77	832.66	4.72
5700	65.325	3.35	5294.05	922.05	53.97	921.5	4.72
5800	70.045	3.35	5332.01	1014.38	59.38	1013.77	4.72
5900	74.765	3.35	5362.23	1109.51	64.95	1108.85	4.72
6000	79.485	3.35	5384.51	1206.8	70.64	1206.08	4.72
6100	84.205	3.35	5398.69	1305.59	76.42	1304.82	4.72
6200	88.925	3.35	5404.68	1405.22	82.25	1404.38	4.72
6233.58	90.51	3.35	5404.85	1438.74	84.22	1437.88	4.72
6300	90.51	2.022	5404.25	1505.08	87.33	1504.19	2
6400	90.511	0.022	5403.36	1605.06	89.11	1604.14	2

6428.23	90.51	359.457	5403.11	1633.29	88.98	1632.38	2
6500	90.51	359.457	5402.47	1705.05	88.3	1704.14	0
6600	90.51	359.457	5401.58	1805.04	87.36	1804.14	0
6700	90.51	359.457	5400.69	1905.03	86.41	1904.13	0
6800	90.51	359.457	5399.8	2005.02	85.46	2004.13	0
6900	90.51	359.457	5398.91	2105.01	84.51	2104.12	0
7000	90.51	359.457	5398.02	2205.01	83.56	2204.12	0
7100	90.51	359.457	5397.13	2305	82.62	2304.12	0
7200	90.51	359.457	5396.24	2404.99	81.67	2404.11	0
7300	90.51	359.457	5395.34	2504.98	80.72	2504.11	0
7400	90.51	359.457	5394.45	2604.97	79.77	2604.1	0
7500	90.51	359.457	5393.56	2704.96	78.82	2704.1	0
7600	90.51	359.457	5392.67	2804.95	77.88	2804.1	0
7700	90.51	359.457	5391.78	2904.95	76.93	2904.09	0
7800	90.51	359.457	5390.89	3004.94	75.98	3004.09	0
7900	90.51	359.457	5390	3104.93	75.03	3104.08	0
8000	90.51	359.457	5389.11	3204.92	74.08	3204.08	0
8100	90.51	359.457	5388.22	3304.91	73.14	3304.08	0
8200	90.51	359.457	5387.33	3404.9	72.19	3404.07	0
8300	90.51	359.457	5386.44	3504.9	71.24	3504.07	0
8400	90.51	359.457	5385.54	3604.89	70.29	3604.06	0
8500	90.51	359.457	5384.65	3704.88	69.34	3704.06	0
8600	90.51	359.457	5383.76	3804.87	68.4	3804.06	0
8700	90.51	359.457	5382.87	3904.86	67.45	3904.05	0
8800	90.51	359.457	5381.98	4004.85	66.5	4004.05	0
8900	90.51	359.457	5381.09	4104.84	65.55	4104.04	0
9000	90.51	359.457	5380.2	4204.84	64.6	4204.04	0
9100	90.51	359.457	5379.31	4304.83	63.66	4304.04	0
9200	90.51	359.457	5378.42	4404.82	62.71	4404.03	0
9300	90.51	359.457	5377.53	4504.81	61.76	4504.03	0
9400	90.51	359.457	5376.63	4604.8	60.81	4604.02	0
9500	90.51	359.457	5375.74	4704.79	59.87	4704.02	0
9600	90.51	359.457	5374.85	4804.79	58.92	4804.02	0
9700	90.51	359.457	5373.96	4904.78	57.97	4904.01	0
9800	90.51	359.457	5373.07	5004.77	57.02	5004.01	0
9900	90.51	359.457	5372.18	5104.76	56.07	5104	0
10000	90.51	359.457	5371.29	5204.75	55.13	5204	0
10100	90.51	359.457	5370.4	5304.74	54.18	5304	0
10200	90.51	359.457	5369.51	5404.73	53.23	5403.99	0
10300	90.51	359.457	5368.62	5504.73	52.28	5503.99	0
10400	90.51	359.457	5367.73	5604.72	51.33	5603.99	0
10500	90.51	359.457	5366.83	5704.71	50.39	5703.98	0
10600	90.51	359.457	5365.94	5804.7	49.44	5803.98	0
10700	90.51	359.457	5365.05	5904.69	48.49	5903.97	0
10800	90.51	359.457	5364.16	6004.68	47.54	6003.97	0
10900	90.51	359.457	5363.27	6104.68	46.59	6103.97	0
11000	90.51	359.457	5362.38	6204.67	45.65	6203.96	0

11100	90.51	359.457	5361.49	6304.66	44.7	6303.96	0
11200	90.51	359.457	5360.6	6404.65	43.75	6403.95	0
11300	90.51	359.457	5359.71	6504.64	42.8	6503.95	0
11379.35	90.51	359.457	5359	6583.98	42.05	6583.29	0

2

: FIELD NAME

Steward Energy II, LLC

DrilTech, LLC

Steward Energy II, LLC

**Broken Spoke 2 2H
Wellbore #1
Plan #1
Norton 7**



SURFACE LOCATION

US State Plane 1983
New Mexico Eastern Zone
Elevation: GL 3777' + RKB 12' @ 3789.00ft (Norton 7)

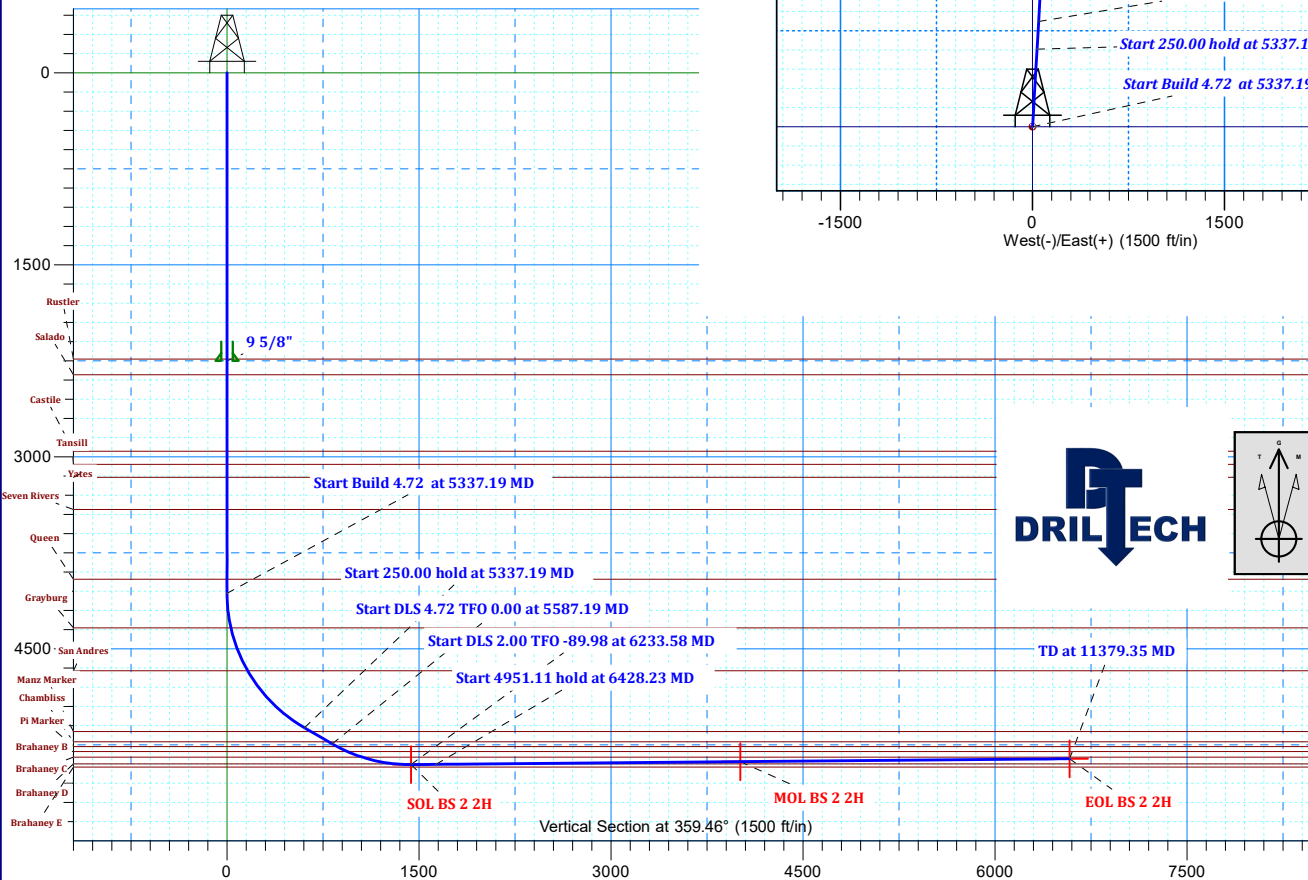
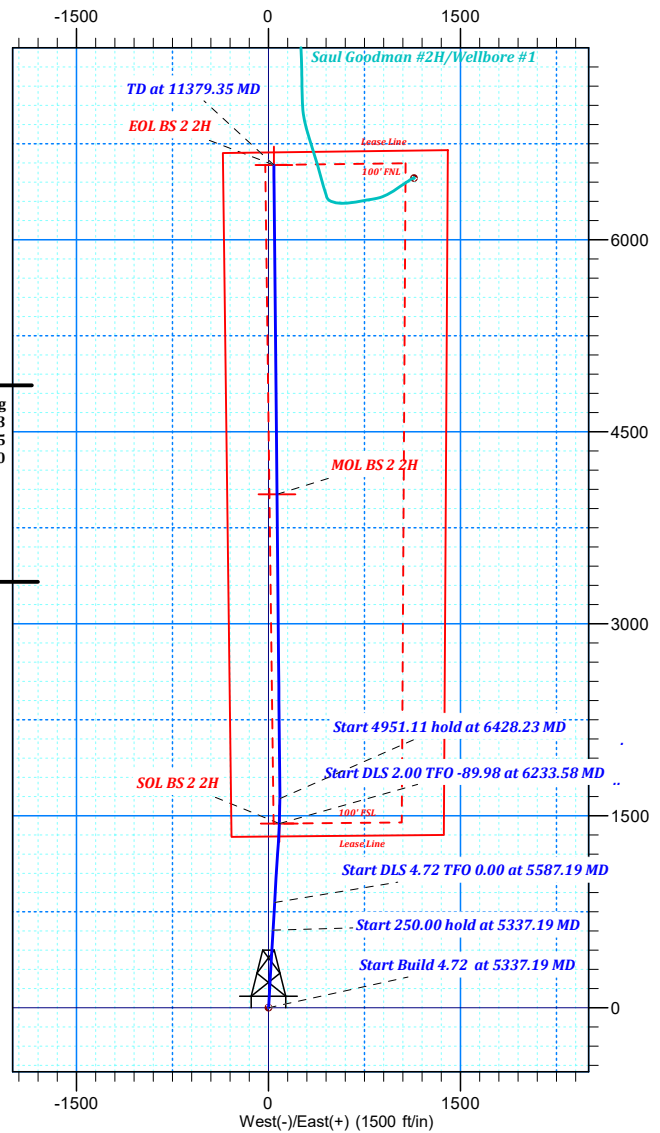
Northing	Easting	Latitude	Longitude
774451.00	929133.78	33.123°N	103.067°W

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N/-S	+E/-W	Northing	Easting
EOL BS 2 2H	5359.00	6583.98	42.05	781034.97	929175.83
MOL BS 2 2H	5382.00	4011.59	66.47	778462.58	929200.25
SOL BS 2 2H	5405.00	1438.74	84.22	775889.74	929218.00

LATERAL SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	Vsect
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4066.00	0.00	0.00	4066.00	0.00	0.00	0.00	0.00
5337.19	60.00	3.35	5117.26	605.91	35.47	4.72	605.55
5587.19	60.00	3.35	5242.26	822.05	48.12	0.00	821.56
6233.58	90.51	3.35	5404.85	1438.74	84.22	4.72	1437.88
6428.23	90.51	359.46	5403.11	1633.29	88.98	2.00	1632.38
11379.35	90.51	359.46	5359.00	6583.98	42.05	0.00	6583.29



Azimuths to Grid North
 True North: -0.69°
 Magnetic North: 5.55°
 Magnetic Field
 Strength: 47958.9nT
 Dip Angle: 60.75°
 Date: 7/14/2022
 Mode: IGRF2020

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: Steward Energy II LLC **OGRID:** 371682 **Date:** 7/13/2022

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
Broken Spoke 2 #2H		N-11-14S-38E	1362 FEL	300	300	3000
			1359 FEL			

IV. Central Delivery Point Name: _____ [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
Broken Spoke 2 #2H		7/27/2022	8/9/2022	9/6//2022	n/a (no flowback)	9/26/2022

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: Vanessa Lopez

Title: Senior Regulatory & Environmental Analyst

E-mail Address: vanessa.lopez@stewardenergy.net

Date: 7/13/2022

Phone: 214-297-0533

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

Approved By:

Title:

Approval Date:

Conditions of Approval:

Natural Gas Management Plan - Attachment

- VI. Separation equipment will be sized by engineering staff based on stated manufacturer daily throughput capacities and anticipated daily production rates to ensure adequate capacity. Closed vent system piping, compression needs, and VRUs will be sized utilizing modelling software to ensure adequate capacity for anticipated production volumes and conditions.
- VII. Steward Energy II, LLC (SEII) will take the following actions to comply with the regulations listed in 19.15.27.8:
- A. SEII will maximize the recovery of natural gas by minimizing the waste, as defined by 19.15.2 NMAC, of natural gas through venting and flaring. SEII will ensure that well(s) will be connected to a natural gas gathering system with sufficient capacity to transport natural gas. If there is no adequate takeaway for the gas, well(s) will be shut in until the natural gas gathering system is available.
 - B. All drilling operations will be equipped with a rig flare located at least 100' from the nearest surface hole. Rig flare will be utilized to combust any natural gas that is brought to surface during normal drilling operations. In the case of emergency venting or flaring the volumes will be estimated and reported appropriately.
 - C. During completion, SEII does not allow the well to flow during CO so there will be nothing to flare. Immediately following the finish of completion operations. Produced natural gas from separation equipment will be sent to sales. It is not anticipated that gas will not meet pipeline standards. However, if natural gas does not meet gathering pipeline quality specifications, SEII will flare the natural gas for 60 days or until the natural gas meets the pipeline quality specifications, whichever is sooner. SEII will ensure that the flare is sized properly and is equipped with automatic igniter or continuous pilot. The gas sample will be analyzed twice per week and the gas will be routed into a gathering system as soon as pipeline specifications are met.
 - D. Natural gas will not be flared with the exceptions and provisions listed in the 19.15.27.8 D.(I) through (4). If there is no adequate takeaway for the separator gas, well(s) will be shut in until the natural gas gathering system is available with exception of emergency or malfunction situations. Venting and/or flaring volumes will be estimated and reported appropriately.
 - E. SEII will comply with the performance standards requirements and provisions listed in 19.15.27.8 E.(I)through (8). All equipment will be designed and sized to handle maximum anticipated pressures and throughputs to minimize the waste. Production storage tanks constructed after May 25, 2021, will be equipped with automatic gauging system. Flares constructed after May 25, 2021, will be equipped with automatic igniter or continuous pilot. Flares will be located at least 100' from the well and storage tanks unless otherwise approved by the division. SEII will conduct AVO (LDAR) 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 will be resolved as quickly and safely as feasible to minimize waste.
 - F. The volume of natural gas that is vented or flared as the result of malfunction or emergency during drilling and completions operations will be estimated. The volume of natural gas that is vented, flared, or beneficially used during production operations, will be measured, or estimated. SEII will install equipment to measure the volume of natural gas flared from existing process piping, or a flowline piped from

equipment such as high-pressure separators, heater treaters, or vapor recovery units associated with a well or facility associated with a well authorized by an APD issued after May 25, 2021, that has an average daily production greater than 60 Mcf/day. If metering is not practicable due to circumstances such as low flow rate or low pressure venting and flaring, SEII will estimate the volume of vented or flared natural gas. Measuring equipment will conform to industry standards and will not be designed or equipped with a manifold that allows the diversion of natural gas around the metering element except for the sole purpose of inspecting and servicing the measurement equipment.

- 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 and compression equipment the associated producing wells will be shut in to eliminate venting. For maintenance of VRUs all gas normally routed to the VRU will be routed to flare to eliminate venting.