

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-041-00033
5. Indicate Type of Lease STATE [] FEE []
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name MILNESAND SAN ANDRES UNIT
8. Well Number 034
9. OGRID Number 257420
10. Pool name or Wildcat CHAVEROO SAN ANDRES
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4,229' GL

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [x] Gas Well [] Other []
2. Name of Operator EOR OPERATING COMPANY
3. Address of Operator 575 N DAIRY ASHFORD RD, EC II SUITE 210, HOUSTON, TX 77079
4. Well Location Unit Letter K : 1,980 feet from the SOUTH line and 1,980 feet from the WEST line
Section 18 Township 08S Range 35E NMPM ROOSEVELT County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []
CLOSED-LOOP SYSTEM []
OTHER: PLUG BACK AND RECOMPLETE [x]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: []

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

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.

BLM approval attached.

Spud Date: [] Rig Release Date: []

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Land & Regulatory Mgr. DATE 11/30/2022

Type or print name William Boyd E-mail address: wboyd@pedevco.com PHONE: 713-574-7912

For State Use Only

APPROVED BY: [] TITLE [] DATE []
Conditions of Approval (if any):

11/8/22

Yates/Queen Recompletion

OPERATOR: EOR Operating
WELL NAME: MSU 34
API NUMBER: 30-041-00033
COUNTY/STATE: Roosevelt / New Mexico
FIELD: Milnesand
PBTD: 4,690

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 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.

OD	ID
OD	ID

OD	ID
OD	ID

**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.

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

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

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

U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

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

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

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

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 1625 N. French Dr., Hobbs, NM 88240
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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 161758

CONDITIONS

Operator: EOR OPERATING COMPANY 575 N Dairy Ashford Suite 210 Houston, TX 77079	OGRID: 257420
	Action Number: 161758
	Action Type: [C-103] NOI Recompletion (C-103E)

CONDITIONS

Created By	Condition	Condition Date
pkautz	None	1/27/2023