#### 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**

Form C-101 Revised July 18, 2013

#### **Energy Minerals and Natural Resources**

**Oil Conservation Division** 

☐AMENDED REPORT

1220 South St. Francis Dr.

**Santa Fe, NM 87505** 

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, P	LUGBACK, OR ADD A ZONE
1. Operator Name and Address	2. OCDID Number

	Operator Name and Address	<sup>2.</sup> OGRID Number		
	SCO Permian, LLC	330782 3. API Number		
493	25 Greenville Ave, Suite 1030			
	Dallas, TX 75206	30-025-50227	1	
<sup>4.</sup> Property Code 332910	<sup>3</sup> Property Name	°. Well No.	$\neg$	
332910	Teague 16 State	I 2		

### 7. Surface Location

Proposed Bottom Hole Location											
K	16	23S	37E	200 1411	2310	S	2310	W	Lea		
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County		

	UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
	K	16	23S	37E		2310	S	2310	W	Lea
L										

#### 9. Pool Information

Pool Name	Pool Code
Teague; Glorieta-Paddock, SW	58595

#### **Additional Well Information**

11. Work Type A	12. Well Type O		13. Cable/Rotary R	<sup>14.</sup> Lease S	e Type	<sup>15.</sup> Ground Level Elevation 3305'
<sup>16.</sup> Multiple No	1 1		<sup>18.</sup> Formation Blinebry	<sup>19.</sup> Cont Nort		<sup>20.</sup> Spud Date August 16, 2022
Depth to Ground water 145' in CP 00423			n nearest fresh water well 0.36 mi west of CP 00423			nearest surface water mi west of Rattlesnake Canyon

#### $\boxed{\mathsf{X}}$ We will be using a closed-loop system in lieu of lined pits

#### <sup>21.</sup> Proposed Casing and Cement Program

	Туре	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
	urface	12.25"	9.625"	36# J-55	GL - 1,010'	331	GL
Pro	oduction	7.875"	5.5"	17# L-80	GL - 6,100'	500	GL

#### **Casing/Cement Program: Additional Comments**

GL - 1000': fresh-water spud mud 1000' - TD: brine water

#### 22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
annular & double rams	5000	2500	Schaffer

<sup>23.</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.	OIL CONSERVATION DIVISION			
I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.	Approved By:			
Signature: Walk	P Kautz			
Printed name: Cory Walk	Title:			
Title: Consultant	Approved Date: 02/14/2023 Expiration Date: 02/14/2025			
E-mail Address: cory@permitswest.com				
Date: 02/02/23 Phone: 505-466-8120	Conditions of Approval Attached			

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District IV

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

X AMENDED REPORT (Add a zone)

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-50227		<sup>2</sup> Pool Code 58595	sw				
<sup>4</sup> Property Code 332910			roperty Name UE 16 STATE	<sup>6</sup> Well Number 2			
<sup>7</sup> OGRID No.		8 Operator Name					
330782		3305.8					

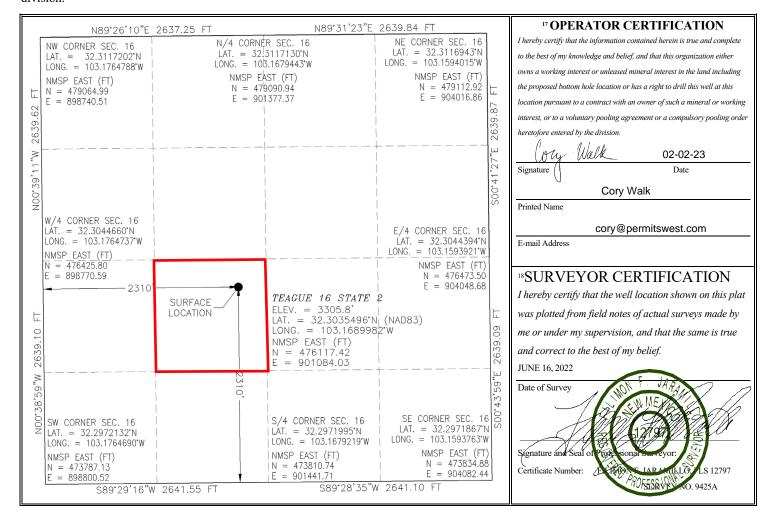
#### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	16	23 S	37 E		2310	SOUTH	2310	WEST	LEA
						705:00	~ ^		

#### <sup>11</sup> Bottom Hole Location If Different From Surface

	2000m 11010 2000m 11 2 million 2 million										
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	<sup>13</sup> Joint	or Infill 14	Consolidation	n Code			15 Order No.				
40											

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.



I. Operator: SCO Permian, LLC

## State of New Mexico Energy, Minerals and Natural Resources Department

Submit Electronically Via E-permitting

Date: 02 / 02 / 2023

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 <u>Effective May 25, 2021</u>

OGRID: 3307892

<b>II. Type:</b> □ 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: Change pool							
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	Anticip Gas MO		Anticipated Produced Water BBL/D
Teague 16 State 2	30-025- 50227	K-16-23s-37e	2310 FSL & 2310 FWL	150	175	j	20
IV. Central Delivery Point Name: Targa Midstream Services LLC (24650) P-16-23s-37e  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 Commencement Date Back Date Date							
Teague 16 State 2	30-025-50227	8-22-22	9-1-22	9-10-22	9-15-22		9-20-22
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 $\square$ v	vill □ will not have	capacity to gather	100% of the anticipate	d natural gas
production volume from the well	prior to the date of first pro	oduction.			

XIII. Line Pressure. Operator $\square$ does $\square$ does not anticipate that its existing well(s) connected to the same segment, or po	rtion, of the
natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the n	ew well(s).

$\overline{}$	A 1 .	_ ,	1 1		1 4.	•	4 41		line pressure
	Attach	Incrator'	c nlan to	manage	nradiiation	in rechance	a to the	increaseed	line preceiire
	Auacii	Chiciauni	5 Dian W	Illanage	moduction	- 111 1 CSDOHS	c w mc	micreaseu	. IIIIC DI CaaulC

XIV. Confidentiality:   Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information pro	vided 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 info	ormation
for which confidentiality is asserted and the basis for such assertion.	

(i)

# Section 3 - Certifications <u>Effective May 25, 2021</u>

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal: Departor 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: power generation on lease; (a) **(b)** power generation for grid; (c) compression on lease; (d) liquids removal on lease; (e) reinjection for underground storage; **(f)** reinjection for temporary storage; reinjection for enhanced oil recovery; (g) fuel cell production; and (h)

## **Section 4 - Notices**

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

other alternative beneficial uses approved by the division.

- Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become (a) 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
- 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: Cory Walk					
Printed Name:	Cory Walk				
Title:	Consultant				
E-mail Address:	cory@permitswest.com				
Date:	02-02-2023				
Phone:	505 466-8120				
	OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form)				
Approved By:					
Title:					
Approval Date:					
Conditions of Approval:					

## VI. SEPARATION EQUIPMENT

SCO Permian, LLC tentatively plans to install a 4' x 20' heater-treater based on estimated volumes. Associated equipment will include:

fuel safety shut-off valve gas scrubber oil tanks (two 500 bbl) separator (3-phase) vapor recovery tower vapor recovery piping for all tanks water tank (one 500 bbl)



## VII. Operational Practices

NMAC 19.15.27.8 (A) Venting & Flaring of Natural Gas

1. SCO Permian, LLC will comply NMAC 19.15.27.8 – venting and flaring of gas during drilling, completion, or production that constitutes waste as defined in 19.15.2 is banned.

NMAC 19.15.27.8 (B) Venting & Flaring During Drilling

- 1. SCO will capture or combust gas if technically feasible during drilling operations using best industry practices.
- 2. A flare stack with a 100% capacity for expected volume will be set on the pad ≥100 feet from the nearest well head and storage tank.
- 3. In an emergency, SCO will vent gas in order to avoid substantial impact. SCO will report vented or flared gas to the NMOCD.

NMAC 19.15.27.8 (C) Venting & Flaring During Completion or Recompletion

- 1. Facilities will be built and ready from the first day of flowback
- 2. Test separator will be properly separate gas and liquids. Temporary test separator will be used initially to process volumes. In addition, separator will be tied into flowback tanks which will be tied into the gas processing equipment for sale down a pipeline.
- 3. Should the facility not be ready to process gas, or the gas does not meet quality standards, then storage tanks will be set that are tied into gas busters or a temporary flare to manage all gas. This flare would meet the following requirements:
  - a) An appropriate sized flare stack with an automatic igniter
  - b) SCO analyzes gas samples twice a week
  - c) SCO flows the gas into a gathering line as soon as the pipeline specifications are met
  - d) SCO provides the NMOCD with pipeline specifications and natural gas data.

NMAC 19.15.27.8 (D) Venting & Flaring During Production

SCO will not vent or flare natural gas except:

- 1. During an emergency or malfunction
- 2. To unload or clean-up liquid holdup in a well to atmospheric pressure, provided
  - a) SCO does not vent after the well achieves a stabilized rate and pressure
  - b) SCO will be on-site while unloading liquids by manual purging and take all reasonable actions to achieve a stabilized rate and pressure as soon as possible



- c) SCO will optimize the system to minimize gas venting if the well is equipped with a plunger lift or auto control system
- d) Best management practices will be used during downhole well maintenance.
- 3. During the first year of production from an exploratory well provided
  - a) SCO receives approval from the NMOCD
  - b) SCO stays in compliance with NMOCD gas capture requirements
  - c) SCO submits an updated C-129 form to the NMOCD
- 4. During the following activities unless prohibited
  - a) Gauging or sampling a storage tank or low-pressure production vessel
  - b) Loading out liquids from a storage tank
  - c) Repair and maintenance
  - d) Normal operation of a gas-activated pneumatic controller or pump
  - e) Normal operation of a storage tank but not including venting from a thief hatch
  - f) Normal operation of dehydration units
  - g) Normal operations of compressors, engines, turbines, valves, flanges, & connectors
  - h) During a Braden head, packer leaka test, or production test lasting <24 hours
  - i) When natural gas does not meet the gathering line specifications
  - j) Commissioning of lines, equipment, or facilities only for as long as necessary to purge introduced impurities.

## NMAC 19.15.27.8 (E) Performance Standards

- 1. SCO used a safety factor to design the separation and storage equipment. The equipment will be routed to a vapor recovery system and uses a flare as back up for startup, shutdown, maintenance, or malfunction of the VRU system.
- 2. SCO will install a flare that will handle the full facility vapor volume in case the VRU fails. It will have an auto-ignition system.
- 3. Flare stacks will be appropriately sized and designed to ensure proper combustion efficiency
  - a) Flare stacks installed or replaced will be equipped with an automatic ignitor or continuous pilot.
  - b) Previously installed flare stacks will be retrofitted within 18 months of May 25, 2021 with an automatic ignitor, continuous pilot, or technology that alerts SCO to flare malfunction.
  - c) Flare stacks replaced after May 25, 2021 will be equipped with an automatic ignitor or continuous pilot if at a well or facility with an average production of ≤60 Mcfd of natural gas.
  - d) Flare stacks will be located >100 feet from well head and storage tanks and securely anchored.
- 4. SCO will conduct an audio/visual/olfactory inspection on all components for leaks and defects every week.



- 5. SCO will make and keep records of AVO inspections available to the NMOCD for at least 5 years.
- 6. SCO may use a remote or automated monitoring technology to detect leaks and releases in lieu of AVO inspections with prior NMOCD approval.
- 7. Facilities will be designed to minimize waste.
- 8. SCO will resolve emergencies as promptly as possible.

## NMAC 19.15.27.8 (F) Measuring or Estimating Vented & Flared Natural Gas

- 1. SCO will have meters on both the low pressure and high-pressure sides of the flares. Volumes will be recorded in the SCADA system.
- 2. SCO will install equipment to measure the volume of flared natural gas that has an average production of <a>\u20e960 Mcfd</a>.
- 3. SCO's measuring equipment will conform to industry standards.
- 4. Measurement system will be designed such that it cannot be bypassed except for inspections and servicing the meters.
- 5. SCO will estimate the volume of vented or flared gas using a methodology that can be independently verified if metering is not practicable due to low flow rate or pressure.
- 6. SCO will estimate the volume of vented and flared gas based on the results of an annual GOR test for wells that do not require measuring equipment reported on form C-116.
- 7. SCO will install measuring equipment whenever the NMOCD determines that metering is necessary.



## VIII. Best Management Practices

SCO Permian LLC will minimize venting during maintenance by:

- 1. Designing and operating system to route storage tank and process equipment emissions to the VRU. If the VRU is not operable, then vapors will be routed to the flare.
- 2. Scheduling maintenance for multiple tasks to minimize the need for blowdowns.
- 3. After completion of maintenance, gas will be flared until it meets pipeline specifications.



Operator:

Well Name: TEAGUE 16 STATE 002

API: 30-025-50227

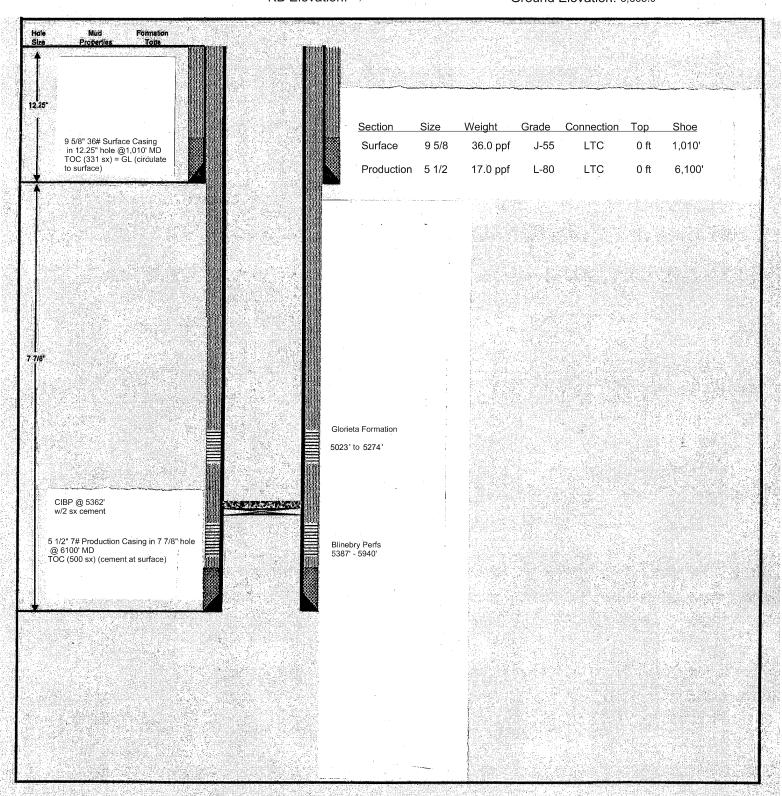
SCO PERMIAN, LLC

Formation: PADDOCK-BLINEBRY Formation

County, State: Lea, NM Field: PADDOCK-BLINEBRY

SH Location: 2310' FSL & 2310' FWL of Section 16 T23S R37E BH Location: 2310' FSL & 2310' FWL of Section 16 T23S R37E

Surface Latitude: 32.3035496 Surface Longitude: -103.1689982 KB Elevation: 3,317.0' Ground Elevation: 3,305.0



## TEAGUE 16 No. Z

## **INSTRUCTIONS**

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

## INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico			Northwestern New Mexico		
T. Anhy	1050	T. Canyon	T. Ojo Alamo	T. Penn A"	
T. Salt		T. Strawn	T. Kirtland	T. Penn. "B"	
B. Salt		T. Atoka	T. Fruitland	T. Penn. "C"	
T. Yates	2620	T. Miss	T. Pictured Cliffs	T. Penn. "D"	
T. 7 Rivers	2830	T. Devonian	T. Cliff House	T. Leadville	
T. Queen	3364	T. Silurian	T. Menefee	T. Madison	
T. Grayburg	3598	T. Montoya	T. Point Lookout	T. Elbert	
T. San Andres		T. Simpson	T. Mancos	T. McCracken	
T. Glorieta	4982	T. McKee	T. Gallup	T. Ignacio Otzte	
T. Paddock	1	T. Ellenburger	Base Greenhorn_	T.Granite	
T. Blinebry	5347	T. Gr. Wash	T. Dakota		
T.Tubb	6028	T. Delaware Sand	T. Morrison		
T. Drinkard	,	T. Bone Springs	T.Todilto		
T. Abo		T. QUEEN PAY 3480	T. Entrada		
T. Wolfcamp		T.	T. Wingate		
T. Penn		Т	T. Chinle		
T. Cisco (Bou	igh C)	T	T. Permian_		
				OIL OR GAS	

No 1 from 3364',	to 3598	No. 3, from. 4982' No. 4, from. 5347'	SANDS OR ZONES
No. 2. from. 3864	to. 4982	No. 4, from. 5347	to 6028
_,,,	IMPORTANT	WATER SANDS	
Include data on rate of water in	nflow and elevation to which water	er rose in hole.	
No. 1, from	to	feet	
No. 2, from	to	feet	
No. 3, from	to	feet	
LI	THOLOGY RECORD	(Attach additional sheet if necess	sary)

			EITHOLOGI RECORD	(				J /
From	То	Thickness In Feet	Lithology		From	То	Thickness In Feet	Lithology
1050	2620	1570	ANHYDRITE					
	2830		SANDSTONE & DOLOMITE					
	3364		DOLOMITE & SANDSTONE					
3364	3598	234	SANDSTONE & DOLOMITE					
		266	DOLOMITE SANDSTONE					
3864	4982	1118	DULOMITE /					
4982	5347	365	DOLOMITE & SANDSTONE DOLOMITE & SANDSTONE DOLOMITE & SANDSTONE DOLOMITE & SANDSTONE					
5347	6028	681	DOLOMITE SANDSTONE					
6028	6100	72	VOLOMILE 3 OHNDOIONE					
				-				
1	1	1		1		1		1

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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 182224

#### **CONDITIONS**

Operator:	OGRID:
SCO PERMIAN, LLC	330782
5728 NW 132nd Street Oklahoma City, OK 73142	Action Number: 182224
	Action Type: [C-101] Drilling Non-Federal/Indian (APD)

#### CONDITIONS

Created By		Condition Date
pkautz	None	2/14/2023