

Phone: (505) 476-3441
General Information
Phone: (505) 629-6116

State of New Mexico
Energy, Minerals and Natural Resources

Form **Page 3 of 6**
Revised July 18, 2013

Online Phone Directory Visit:
<https://www.emnrd.nm.gov/ocd/contact-us/>

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

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.)		WELL API NO. 30-015-45033
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other SWD		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator DKL Energy - Cottonwood, LLC		6. State Oil & Gas Lease No.
3. Address of Operator 5850 Granite Parkway #450 Plano, Texas 75024		7. Lease Name or Unit Agreement Name Dark Canyon SWD
4. Well Location Unit Letter: <u>P</u> <u>1005</u> feet from the <u>South</u> line and <u>958</u> feet from the <u>East</u> line Section <u>23</u> Township <u>23S</u> Range <u>26E</u> NMPM <u>Eddy</u> County		8. Well Number <u>001</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number <u>330291</u>
10. Pool name or Wildcat SWD; Devonian-Silurian (97869)		

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

On 8/26/2025 DKL Energy – Cottonwood, LLC (“DKL”) performed a Bradenhead Test on the subject well. OCD was notified of the test, but advised DKL that they would not be present to witness the test. The test failed due to pressure on the Production Casing. OCD was notified of the well failure. The well was subsequently shut-in awaiting repair. It is believed that the well failure is the result of a tubing leak.

DKL moved a rig onto the subject well and is currently working to determine the cause of the well failure. The tubing will be pulled and inspected, and if determined to be the cause of the failure, the tubing will be replaced. If any casing issues are found, DKL will provide the OCD a plan to repair the casing.

Attached please find the Bradenhead Test Report for the test conducted on 8/26/2025.

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 David Catanach TITLE Agent for DKL Energy – Cottonwood, LLC DATE 09/12/2025

Type or print name David Catanach E-mail address: catanach_david@comcast.net PHONE: 505-690-9453
For State Use Only

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

Southern District
1625 N French Dr, Hobbs, NM 88240
Phone: (575) 241-7063

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division Hobbs District Office

BRADENHEAD TEST REPORT

Operator Name <i>DKL Energy</i>	API Number <i>36-015-45033</i>
Property Name <i>Donk Canyon SWD</i>	Well No. <i>#1</i>

1. Surface Location

UL - Lot <i>P</i>	Section <i>23</i>	Township <i>5239</i>	Range <i>R 26E</i>	Feet from	N/S Line	Feet From	E/W Line	County
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Well Status

TA'D WELL YES <input type="radio"/> NO <input checked="" type="radio"/>	SHUT-IN YES <input type="radio"/> NO <input checked="" type="radio"/>	INJECTOR INJ <input type="radio"/> SWD <input checked="" type="radio"/>	PRODUCER OIL <input type="radio"/> GAS <input type="radio"/>	DATE <i>8-26-25</i>
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OBSERVED DATA

	(A) Surface	(B) Interm(1)	(C) Interm(2)	(D) Prod Csg	(E) Tubing
Pressure	<i>100</i>	<i>NA</i>	<i>NA</i>	<i>100</i>	<i>100</i>
Flow Characteristics					
Puff	Y / <input checked="" type="radio"/> N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	CO2 <input type="checkbox"/>
Steady Flow	Y / <input checked="" type="radio"/> N	Y / N	Y / N	<input checked="" type="radio"/> Y / N	WTR <input checked="" type="checkbox"/>
Surges	Y / <input checked="" type="radio"/> N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	GAS <input type="checkbox"/>
Down to nothing	<input checked="" type="radio"/> Y / N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	Type of Fluid Injected for Waterflood if applies
Gas or Oil	Y / <input checked="" type="radio"/> N	Y / N	Y / N	Y / <input checked="" type="radio"/> N	
Water	Y / <input checked="" type="radio"/> N	Y / N	Y / N	<input checked="" type="radio"/> Y / N	

Remarks - Please state for each string (A,B,C,D,E) pertinent information regarding bleed down or continuous build up if applies.

tubing has a leak and would not bleed down.

Signature: <i>Kerry Mackey</i>	OIL CONSERVATION DIVISION
Printed name: <i>Kerry Mackey</i>	Entered into RBDMS
Title: <i>Manager</i>	Re-test
E-mail Address: <i>Kerry.Mackey@dnr.state.nm.us</i>	
Date: <i>8-26-2025</i>	Phone: <i>575 631-8195</i>
Witness:	

INSTRUCTIONS ON BACK OF THIS FORM

Workover Procedure:

Dark Canyon SWD No. 1
API No. 30-015-45033
1005' FSL & 958' FEL (Unit P) Section 23-23S-26E
Eddy County, New Mexico

It is anticipated that the MIT failure of the subject Dark Canyon SWD No. 1 is a result of tubing failure caused by corrosion.

Notify OCD 24 hours in advance of moving on well. MIRU and test well to determine if MIT failure is a result of a tubing/packer leak or casing leak. Pull and inspect tubing and packer. Replace bad tubing joints, or if necessary, replace entire string of 5 ½" L-80 IPC tubing (12,644'). If casing leak is found, perform remedial cement squeeze operations (Amended procedure will be provided to OCD) Set tubing in a packer @12,644'. Notify OCD 24 hours in advance of conducting MIT.

Dark Canyon SWD No. 1

Wellbore Schematic-Current Condition

API No. 30-015-45033

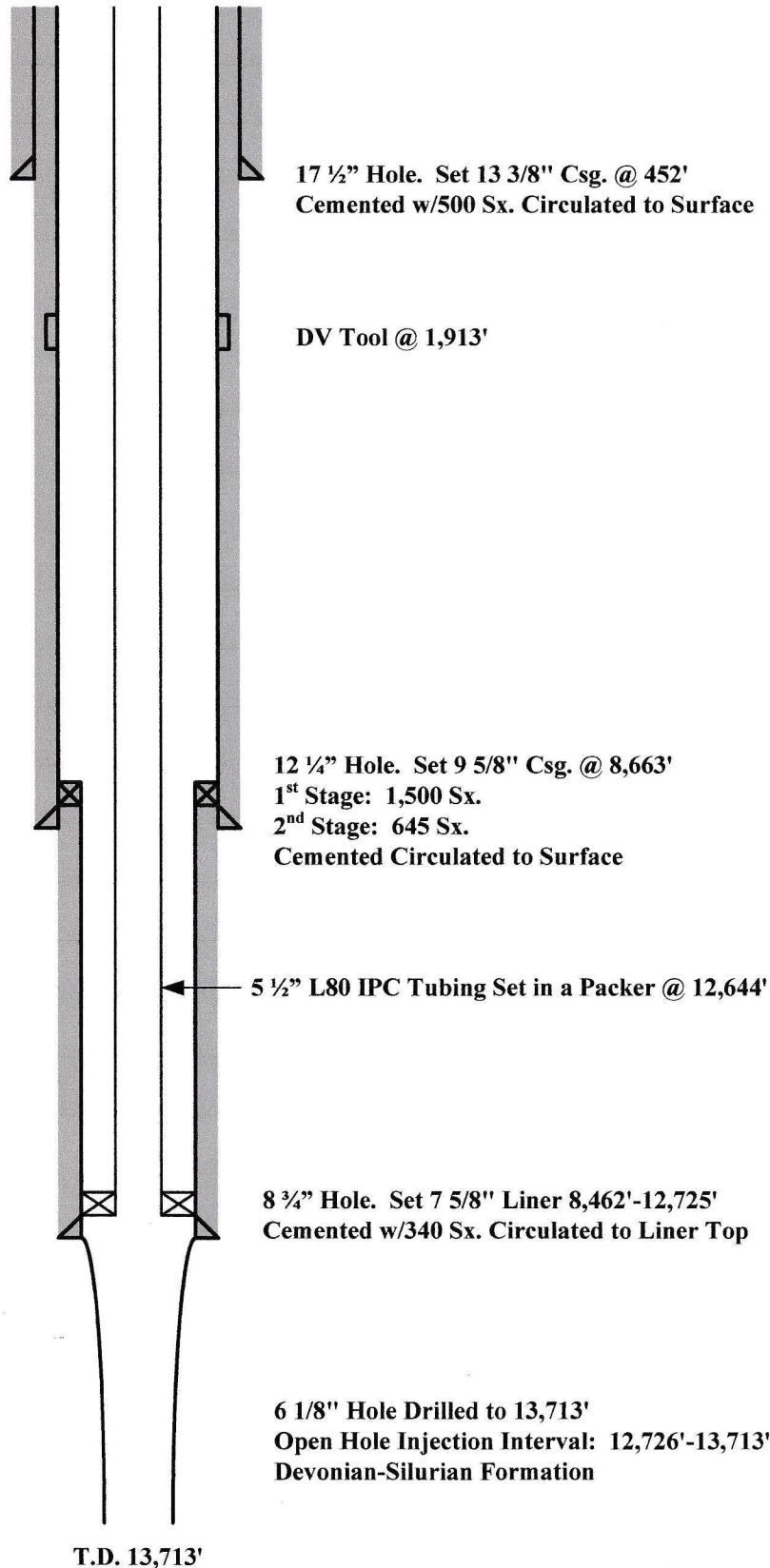
1005' FSL & 958' FEL (P) Section 23-23S-26E

Date Spud: 1/13/2019

Date Injection Commenced: 4/1/2019

OCD SWD Permit Number: SWD-1781

Maximum Surface Pressure: 2,503 psi

**Geologic Tops:**

Delaware: 1,920'

Bone Spring: 5,260'

Wolfcamp: 8,660'

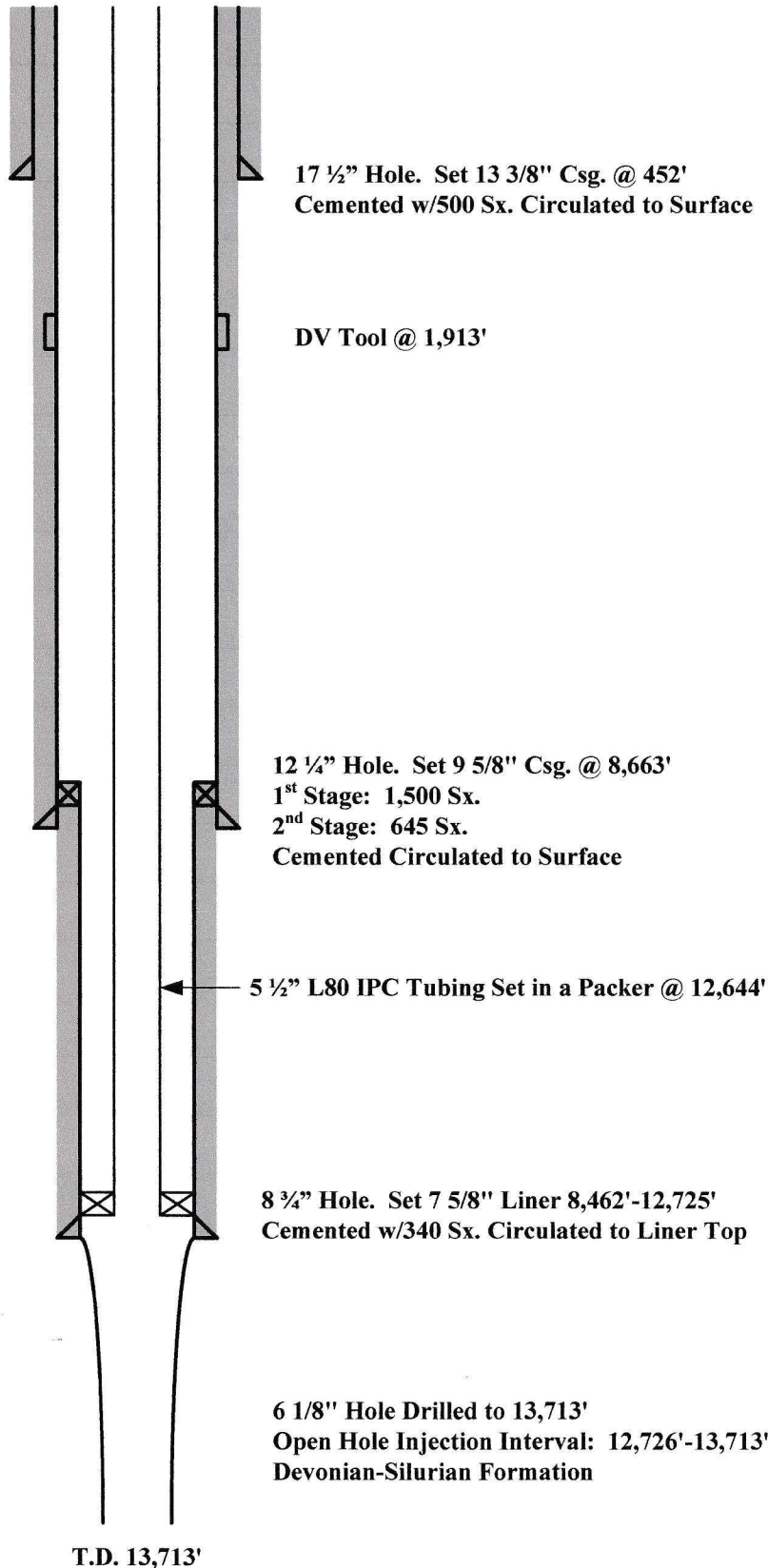
Strawn: 9,535'

Atoka: 10,660'

Morrow: 11,010'

Woodford: 11,650'

Siluro-Devonian: 12,500'

Dark Canyon SWD No. 1**API No. 30-015-45033****1005' FSL & 958' FEL (P) Section 23-23S-26E****Wellbore Schematic-Post Workover****Date Spud: 1/13/2019****Date Injection Commenced: 4/1/2019****OCD SWD Permit Number: SWD-1781****Maximum Surface Pressure: 2,503 psi****Geologic Tops:**

Delaware:	1,920'
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Sante Fe Main Office
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1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 505593

CONDITIONS

Operator: DKL Energy - Cottonwood, LLC 5850 Granite Parkway #450 Plano, TX 75024	OGRID: 330291
	Action Number: 505593
	Action Type: [C-103] NOI Workover (C-103G)

CONDITIONS

Created By	Condition	Condition Date
pgoetze	None	9/25/2025