

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

Form C-103
 Revised July 18, 2013

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

WELL API NO. 30-015-45441
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Intrepid SWD No. 2
8. Well Number 2
9. OGRID Number 372681
10. Pool name or Wildcat SWD; Devonian-Silurian (Pool Code 97869)

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 Gas Well Other (SWD)

2. Name of Operator
Intrepid Potash – New Mexico, LLC

3. Address of Operator
1001 17th St., Ste. 1050 Denver, CO 80202

4. Well Location
 Unit Letter **B** : **505.6** feet from the **North** line and **1474.7** feet from the **East** line
 Section **2** Township **21 South** Range **29 East** NMPM County **Eddy**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3369.7 ft

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input 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 checked="" 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 checked="" type="checkbox"/> (extension request)		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.

This is a single salt water disposal well. Spud date: proposed 10/15/2021

The original drill plans and dates were postponed due to economic climate, Covid-19, and associated issues.

See attached proposed well program, surveyed site location, and well bore diagram for information.

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 *Roy Torres* TITLE *Operations Manager* DATE *11/4/2020*
 Type or print name *Roy Torres* E-mail address: *roy.torres@intrepidpotash.com* PHONE: *575-234-3701*

For State Use Only
 APPROVED BY: *John Garcia - Petroleum Specialist* DATE *11/15/2021*
 TITLE _____

Conditions of Approval (if any):

Well expired 11/14/2020, extension not received until 11/08/2021



Intrepid Potash – New Mexico, LLC
Post Office Box 101
Carlsbad, NM 88221
575.234.3881

November 3, 2020

Mr. Gilbert Cordero
Oil Conservation Division
Energy Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Intrepid Potash – New Mexico, LLC
Application for Permit to Drill UIC Well
Intrepid SWD No 2
Request for Extension to Drill

Dear Mr. Cordero:

Intrepid Potash – New Mexico, LLC (Intrepid) previously submitted application for a UIC well with your Department (Intrepid SWD Well No 2 in 2018). The well is API# 30-015-45441. To date this well has not started construction or installation due to economic conditions and more recently due to the setbacks of Covid-19 issues in 2020.

SWD Well No 2 had an anticipated construction start date of January 15, 2019 with an application approval expiration date of 11/14/2020. Construction and operation of SWD Well No 2 has been delayed as mentioned above. Intrepid is requesting a two (2) year extension associated with its application approval until November of 2022.

We are attaching a signed copy of Form C-103 that provides pertinent information on proposed Intrepid SWD No 2. Please let us know if this request is acceptable or if you need any additional information. Thank you for your time and consideration in this matter.

Sincerely,

A handwritten signature in blue ink that reads "Ken L. Faulkner". The signature is written in a cursive style.

Ken Faulkner, PE
Environmental Manager

Attachments

Intrepid Potash-New Mexico, LLC

**Intrepid SWD Well No.2
505.6' FNL & 1474.7' FEL
Section 2, Twp 21-S, Rng 29-E
Eddy County, New Mexico**

Well Program - New Drill

Objective: Drill new well for commercial salt water disposal into the Devonian, Silurian, Montoya and Simpson; mudlogging and e-logging to determine final depths.

I. Geologic Information – Devonian/ Silurian Formations

The Devonian and Silurian both consist of carbonates including light colored dolomite and chert intervals interspersed with some tight limestone intervals. Several thick sections of porous dolomite capable of taking water are present within the subject formations in the area. Depth control data was inferred from deep wells to the north, south and east. If the base of Devonian and top of Silurian and/or Ordovician rocks come in as expected the well will only be drilled deep enough for adequate logging rathole.

Estimated Formation Tops:

B/Fresh Water	240'
Salado	610'
Delaware Sand	3900'
Bone Spring	6840'
Wolfcamp	10090'
Strawn	11350'
Atoka	11630'
Morrow	12275'
Woodford	13680'
Devonian*	13830'
Silurian	14150'
Montoya	14850'
TD Simpson*	15175'
Ellenburger	19000'

*Please see narrative portion of drilling/pipe specs for TD options.

2. Drilling Procedure

- a. MIRU drilling rig and associated equipment. Set up H₂S wind direction indicators; brief all personnel on Emergency Evacuation Routes.
- b. All contractors conduct safety meeting prior to current task. All equipment inspected daily. Repair / replace as required.
- c. Well spud operations commence.
- d. Mud logger monitoring returns; cuttings & waste hauled to specified facility. (Sundance, Lea County)
- e. After surface casing set/drilled; if H₂S levels >20ppm detected, implement H₂S Plan accordingly. (e.g., cease operations, shut in well, employ H₂S safety trailer & personnel safety devices, install flare line, etc. - refer to plan.)
- f. Spills contained & cleaned up immediately. Repair or otherwise correct the situation within 48 hours before resuming operations. Notify OCD within 24 hours. Remediation started ASAP if required. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, as appropriate.
- g. Sundry forms filed as needed - casing, cement, etc. - operations continue to completion.

Well Program - New Drill (cont.)

3. Casing program - Casing designed as follows:

STRING	HOLE SZ	DEPTH	CSG SZ	COND	WT/GRD	CLLPS/BRS	TNSN
						<i>(Minimum Safety Factors)</i>	
Surface	26.5"	0-650'	20.0"	New	94.0 lb. J/K-55	1.125/1.1	1.8
Intermediate	17.5"	0-3850'	13.375"	New	68.0 lb. K-55	1.125/1.1	1.8
2nd Inter	12.25"	0-9,600'	9.625"	New	53.5 lb. P-110	1.125/1.1	1.8
Prod/ Liner*	8.5"	9,300'-13,530'	7.625"	New	39.0 lb. P-110	1.125/1.1	1.8
Openhole*	6.5" hole	13,530'-15,475'	OH	n/a	n/a	n/a	n/a

Notes:

- ✓ On both Intermediate casing strings, the cement will be designed to circulate to surface. Both strings will have cement bond logs run (radial, CET or equivalent) to surface.
- ✓ While running all casing strings, the pipe will be kept a minimum of 1/3 full at all times to avoid approaching the collapse pressure of casing.
- ✓ * Based on mudlogging and e-logs, 7.625" casing shoe is expected to be set at 13,530' but could be as deep as 13,830'. Similarly, TD may be from 15,175' to 15,475' as determined by logging and suitable porosity has been exposed. IN ANY EVENT, maximum openhole interval would be from 13,530' to 15,475' and sundry notice will document such events and a C-105 completion report filed within 60 days.

4. Cementing Program:

Surface – LEAD Slurry: 1,300 sacks of Class C containing 4% gel + 2% CaCl₂ + .4 pps defoamer + .125 pps cello flake + 3 pps Koal Seal. Weight 13.7 ppg, yield 1.68 ft³/sack; TAIL Slurry: 300 sacks of Class C Neet containing 2% CaCl₂. Weight 14.8 ppg, yield 1.34 ft³/sack; 100% excess, circulate to surface.

1st Intermediate – LEAD Slurry: 1,650 sacks of Class C containing 4% gel + .4 pps defoamer + .125 pps cello flake + 5% NaCl. Weight 13.2 ppg, yield 1.83 ft³/sack; TAIL Slurry: 600 sacks of Class C Neet. Weight 14.8 ppg, yield 1.32 ft³/sack; 50% excess, circulate to surface.

Production – LEAD Slurry: 1,285 sacks of Class H containing 10% gel + .4 pps defoamer + .125 pps cello flake + 1 pps Koal Seal + 5% NaCl. Weight 11.9 ppg, yield 2.473 ft³/sack; TAIL Slurry: 515 sacks of Class H containing 2% retarder + .2 pps defoamer. Weight 15.6 ppg, yield 1.18 ft³/sack; 30% excess, circulate to surface.

Liner – Slurry: 350 sacks of Class H containing .3% retarder + .7% fluid loss additive + .2% dispersant + .4 pps defoamer + .1% Anti-Settling agent. Weight 15.2 ppg, yield 1.32 ft³/sack. 30% excess; TOC calculated @ Top of Liner 9,300'.

5. Pressure Control - BOP diagram is attached to this application. All BOP and related equipment shall comply with well control requirements as described NMOCD Rules and Regulations and API RP 53, Section 17. Minimum working pressure of the BOP and related equipment required for the drilling shall be 5000 psi. The NMOCD Artesia district office shall be notified a minimum of 4 hours in advance for a representative to witness BOP pressure tests. The test shall be performed by an independent service

Well Program - New Drill (cont.)

company utilizing a test plug (no cup or J-packer). The results of the test shall be recorded on a calibrated test chart submitted to the OCD district office. Test shall be conducted at:

- a. Installation;
- b. after equipment or configuration changes;
- c. at 30 days from any previous test, and;
- d. anytime operations warrant, such as well conditions

6. Mud Program & Monitoring - Mud will be balanced for all operations as follows:

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	Ph
0-650'	FW Spud Mud	8.5-9.2	70-40	20	12	NC	10.0
650'-3850'	Brine Water	9.8-10.2	28-32	NC	NC	NC	10.0
3850'-9,600'	FW/Gel	8.7-9.0	28-32	NC	NC	NC	9.5-10.5
9,600'-13,530'	XCD Brine Mud	11.0-12.5	45-48	20	10	<5	9.5-10.5
13,530'-15,475'	FW Mud	8.4-8.6	28-30	NC	NC	NC	9.5-10.5

Mud and all cuttings monitored w/ cuttings recovered for disposal. Returns shall be visually and electronically monitored. In the event of H2S, mud shall be adjusted appropriately by weight and H2S scavengers.

7. Auxiliary Well Control and Monitoring – Hydraulic remote BOP operation, mudlogging to monitor returns.

8. H₂S Safety - This well and related facilities are not expected to have H₂S releases. However, there may be H₂S in the area. There are no private residences or public facilities in the area but a contingency plan has been developed. Intrepid Potash-NM, LLC will have a company representative available to personnel throughout all operations. If H₂S levels greater than 10ppm are detected or suspected, the Intrepid Potash H₂S Contingency Plan will be implemented at the appropriate level.

H₂S Safety - There is a low risk of H₂S in this area. The operator will comply with the provisions of NMAC 19.15.11 and BLM Onshore Oil and Gas Order #6.

- a) Monitoring - all personnel will wear monitoring devices.
- b) Warning Sign - a highly visible H₂S warning sign will be placed for obvious viewing at the vehicular entrance point onto location.
- c) Wind Detection - two (2) wind direction socks will be placed on location.
- d) Communications - will be via cellular phones and/or radios located within reach of the driller, the rig floor and safety trailer when applicable.
- e) Alarms - will be located at the rig floor, circulating pump / reverse unit area and the flareline and will be set for visual (red flashing light) at 15 ppm and visual and audible (115 decibel siren) at 20 ppm.
- f) Mud program - If H₂S levels require, proper mud weight, safe drilling practices and H₂S scavengers will minimize potential hazards.

Well Program - New Drill (cont.)

g) Metallurgy - all tublars, pressure control equipment, flowlines, valves, manifolds and related equipment will be rated for H₂S service if required.

The Intrepid Potash H₂S Contingency Plan will be implemented if levels greater than 10ppm H₂S are detected.

9. Logging, Coring and Testing – Intrepid Potash-NM, LLC expects to run;

- a. Mud logging through the interval will ensure the target interval remains Devonian and Silurian.
- b. CBL (Radial, CET or equivalent) on both intermediate casing strings.
- c. Standard porosity log suite from TD to approximately 8,500'.
- d. No corings or drill tests will be conducted. (The well may potentially be step rate tested in the future if additional injection pressures are required.)

10. Potential Hazards - No abnormal pressures or temperatures are expected.

No loss of circulation is expected to occur with the exception of drilling into the target disposal zone. All personnel will be familiar with the safe operation of the equipment being used to drill this well.

The maximum anticipated bottom-hole pressure is 8000 psi and the maximum anticipated bottom-hole temperature is 195° F.

11. Waste Management - All drill cuttings and other wastes associated with and drilling operations will be transported to the Lea County Sundance facility (or alternate), permitted by the Environmental Bureau of the New Mexico Oil Conservation Division.

12. Anticipated Start Date - Upon approval of all permits for SWD, operations would begin within 30 days. Completion of the well operations will take six to seven weeks. Installation of the tank battery, berms, plumbing and other and associated equipment would be occurring during the same interval. In any event, it is not expected for the construction phase of the project to last more than 60 days, depending on availability of contractors and equipment. At the time of this submittal, and subject to the availability of the drilling contractor, the anticipated start date is:

January 15, 2019.

13. Configure for Salt Water Disposal – Subsequent to SWD permit approval from OCD and prior to commencing any work, an NOI sundry(ies) will be submitted to configure the well for SWD and will detail the completion workover including all work otherwise described above, any change to the procedure noted herein and to perform mechanical integrity pressure test per BLM and OCD test procedures. (Notify NMOCD 24 hours prior.) The casing/tubing annulus will be monitored for communication with injection fluid or loss of casing integrity. Anticipated daily maximum volume is 30,000 bpd and average of 17,500 bpd at a maximum surface injection pressure of 2706 psi (0.2 psi/ft to uppermost injection interval, i.e., casing shoe). If satisfactory disposals rates cannot be achieved at default pressure of .2 psi/ft, Intrepid Potash-NM, LLC will conduct a step-rate test and apply for an injection pressure increase 50 psi below parting pressure.

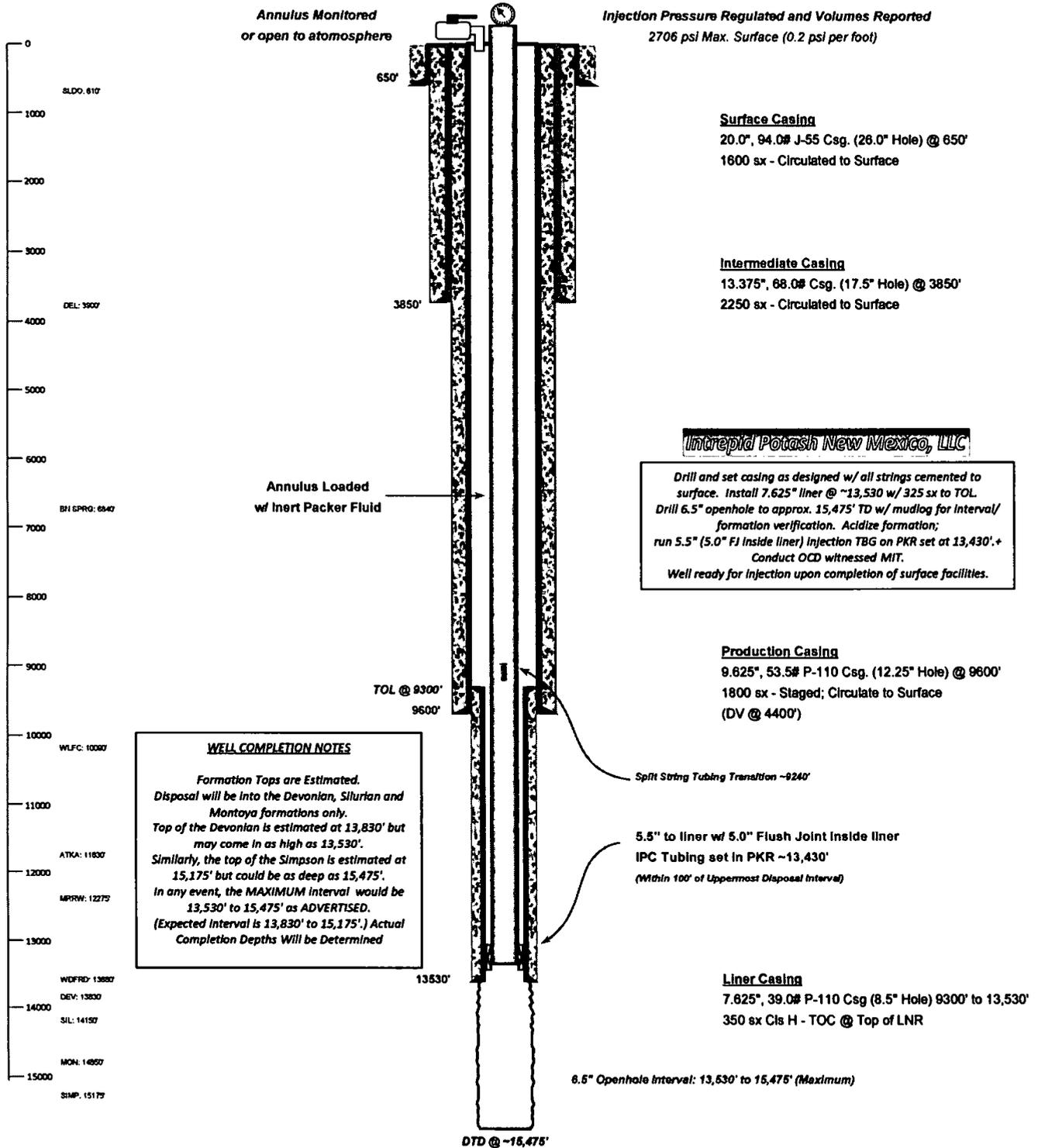


WELL SCHEMATIC - PROPOSED

Intrepid SWD Well No.2

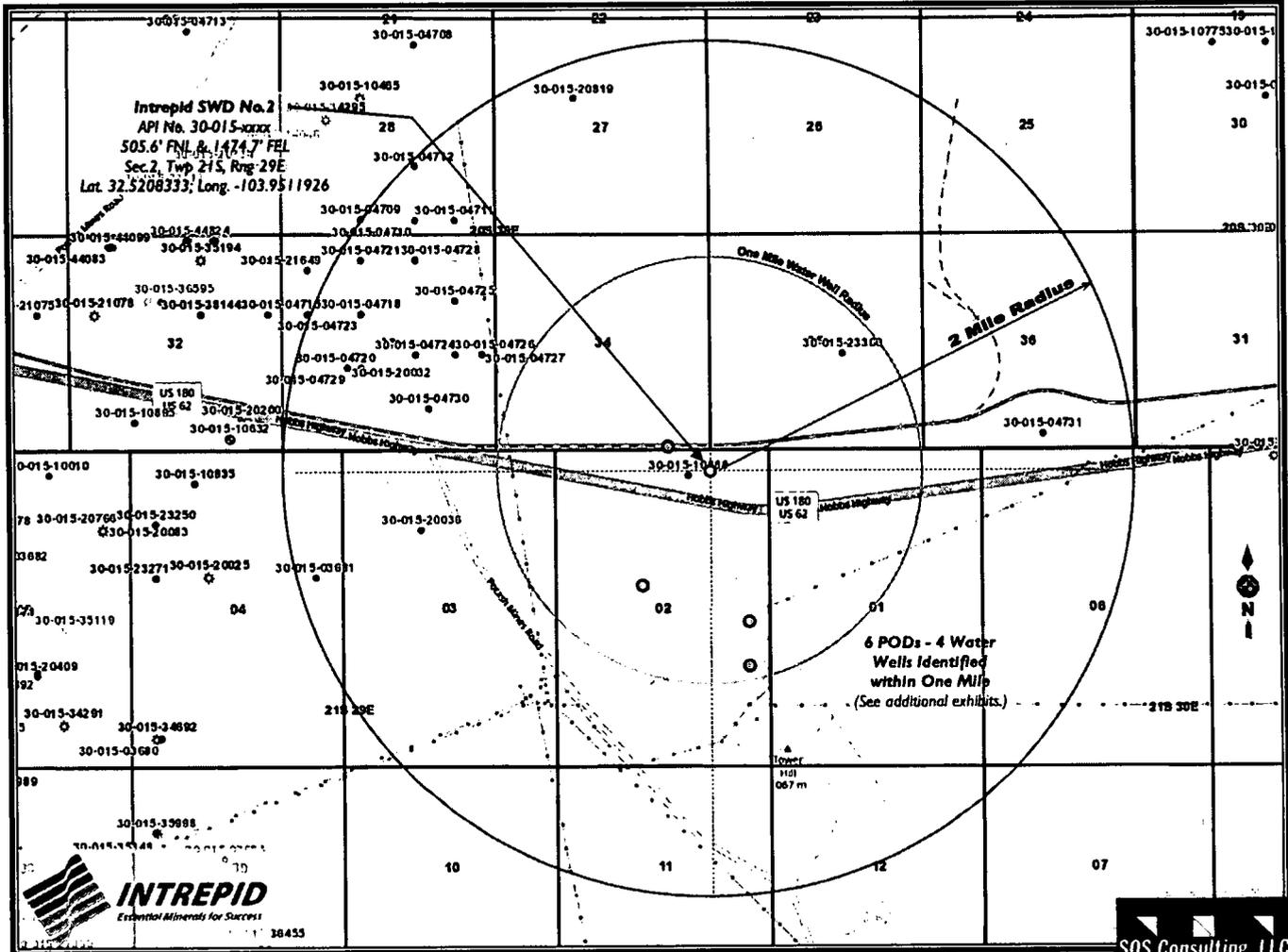
API 30-015-xxxxx
 505.6' FNL & 1474.7' FEL, SEC. 2-T21S-R29E
 EDDY COUNTY, NEW MEXICO

Proposed: SWD; Devonian-Silurian-Montoya
 Spud Date: 1/15/2019
 SWD Config Dt: 2/15/2019



Intrepid SWD No.2 - Area of Review / 2 Miles

(Attachment to NMOCD Form C-108 - Item V)

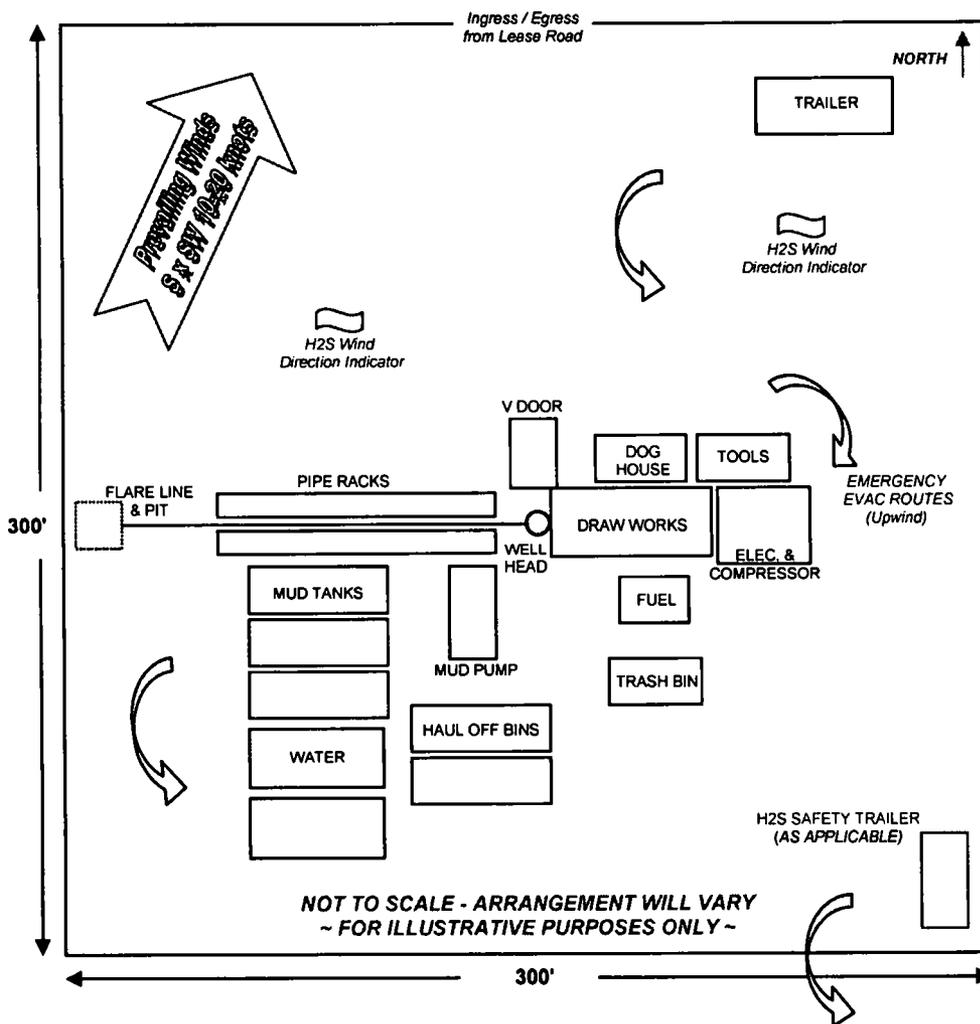


Standard Drill - Operating Procedure & Site Setup

ALL OPERATIONS CONDUCTED WITHIN EXISTING PAD SITE
NOT EXCEEDING SURVEYED SITE. ORIENTATION PER BEST FIT.

1. MIRU Drilling and drilling support contractors / equipment.
2. Set up H2S wind direction indicators; brief all personnel on Emergency Evacuation Routes.
3. All contractors conduct safety meeting prior to current task.
4. If H2S levels >20ppm detected, implement H2S Plan *accordingly*. (e.g., cease operations, shut in well, employ H2S safety trailer & personnel safety devices, install flare line, etc. - refer to plan.)
5. All equipment inspected daily. Repair / replace as required.
6. Mud logger monitoring returns; cuttings & waste hauled to specified facility. CRI - LEA COUNTY
7. Spills contained & cleaned up immediately. Repair or otherwise correct the situation within 48 hours before resuming operations. Notify OCD within 24 hours. Remediation started ASAP if required. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, as appropriate.
8. Sundry forms filed as needed - casing, cement, etc. - operations continue to completion.

TYPICAL LOCATION SETUP (V Door North)



Blow Out Preventer Diagram

5000 PSI WORKING PRESSURE

