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 District I – (575) 393-6161
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 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

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. 30-025-40051
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator EOG Resources, Inc.		6. State Oil & Gas Lease No. N/A
3. Address of Operator P.O. Box 2267 Midland, Texas 79707		7. Lease Name or Unit Agreement Name Caballo 23 Fed
4. Well Location Unit Letter <u>C</u> : <u>50</u> feet from the <u>North</u> line and <u>2200</u> feet from the <u>West</u> line Section <u>23</u> Township <u>25S</u> Range <u>33E</u> NMPM County <u>Lea</u>		8. Well Number <u>2H</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3345' GR		9. OGRID Number <u>7377</u>
10. Pool name or Wildcat Red Hills; Upper Bone Spring Shale		

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"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
DOWNHOLE COMMINGLE <input type="checkbox"/>	P AND A <input type="checkbox"/>
CLOSED-LOOP SYSTEM <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
OTHER: <input type="checkbox"/>	OTHER: Pilot Project monitoring <input checked="" 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.

Pursuant to Order R-21061, EOG respectfully makes the following notice.

During the afternoon of 08/24/2022, EOG observed above average (>450 psig) intermediate casing pressures during Closed Loop Gas Capture (CLGC) injection on the Caballo 23 Fed #2H (API No. 30-025-40051). Injection was occurring on the production casing/tubing annulus with a peak pressure of 916 psig. As injection took place, the intermediate casing pressure rose steadily to a peak of 657 psig. Injection was ceased due to this behavior and EOG engineers were notified. On the morning of 08/25/2022, the intermediate casing was bled down and quickly returned to 0 psig after returning ~0.5 BBL of water with no gas. EOG pumped ~0.5 BBL of water back in and pressured up the intermediate casing to 1,000 psig, holding for 30 minutes. The pressure was increased to 1,500 psig, held for 15 minutes, and then bled down. EOG did not observe any behavior that indicated communication to the production casing or surface casing. As gas injection resumed, pressure peaked at 335 psig at 20:15 CDT on 08/25/2022 and declined after that. Prior to bleeding off on 08/26/2022 at 08:46 CDT, the intermediate casing pressure was at 266 psig.

The NMOCD was notified at 09:39 CDT on 08/26/2022. At the request of Mr. Dean McClure, EOG bled the intermediate casing down again later in the afternoon. Prior to bleeding off, the pressure was at 18 psig. The intermediate casing was bled down, taking about 1 minute to flow off ~1/2 gallon of water. The casing was left open for 15 minutes with zero flow observed. The pressure has remained near 0 psig as of 08/29/2022, regardless of whether EOG has been injecting or producing.

Upon closer examination of the pressure trends and the difference in the temperature of the gas lift gas versus the CLGC gas, it appears that the pressure fluctuations observed can be attributed to thermal expansion. The CLGC gas was initially warmer than the gas lift gas previously being injected. It was also at a significantly higher rate, reaching 6,000 MSCFD versus the gas lift injection rate of 200 MSCFD. It appears that the increased flow of hot gas elevated the heat transfer between the production casing and intermediate casing annulus, allowing for thermal expansion of fluids and a corresponding pressure increase. When injection occurred overnight, the cooler ambient temperatures allowed for a decrease in pressure until daylight, forming a sinusoidal pattern. This behavior is in-line with what was previously observed on 05/18/2020 and described in the form C-103 filed on 05/28/2020. Based on the data collected, EOG does not believe that the intermediate casing pressures are due to pressure communication from CLGC injection.

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 Sarah Mitchell TITLE _____ DATE 8/30/2022

Type or print name Sarah Mitchell E-mail address: sarah_mitchell@eogresources.com PHONE: 432-848-9133

For State Use Only

APPROVED BY: Dean R McClure TITLE Petroleum Engineer DATE 09/01/2022

Conditions of Approval (if any):

- Conduct the bleed off test again at the peak pressure of its cycle if the intermediate pressure exceeds 300 psi and provide the Division with the results.
 - Bleed the pressure off
 - Monitor for flow for 15 minutes
 - Close the intermediate back in and monitor pressure
- Continue your protocol of contacting the Division if the intermediate pressure exceeds 450 psi.
- If the intermediate pressure exceeds 1000 psi, immediately cease injection and contact the Division.