



CASE NO. 23463, OCD Exhibit 1

OCD's Recommended Conditions of Approval for Acid Gas Injection Wells:

OCD recommends these conditions of approval for acid gas injection (AGI) wells in addition to the general requirements for all UIC Class II wells issued under Rule 15.19.26 NMAC - *Injection*.

1. Operator shall conduct an annual mechanical integrity test (MIT) on the proposed well.
2. Operator shall conduct continuous monitoring of surface treated acid gas (TAG) injection pressure, temperature, rate, surface annular pressure, and bottom-hole (or "end of tubing") temperatures and pressures in the tubing and the annulus.
3. Operator shall conduct step-rate and fall-off tests on the completed well before commencing injection. Operator may adjust the maximum surface injection pressure for the well after these tests with the approval of the OCD.
4. Operator shall maintain a maintenance log, including the volume of annular fluid (diesel) with corrosion inhibiting and biocide additives replaced in the annulus of the well.
5. Operator shall establish temperature parameters for injected fluid, install and maintain temperature-activated controls to govern the temperature of injected fluid, and install and maintain an alarm system for the controls to indicate exceedance of the parameters.
6. Operator shall report on a quarterly basis the summary data for injection parameters monitored under the permit, subject to OCD approval of annual reports after one year of operation upon request by Operator.
7. Operator shall equip the well with a pressure-limiting device and a one-way safety valve (with the appropriate interior drift diameter) on the tubing approximately 100 feet to 250 feet below the surface.
8. Operator shall use a corrosion-inhibiting diesel with a biocide component as the annular fluid of the well.
9. Operator shall circulate cement for all casing to the surface.
10. Well construction shall be designed for exposure to corrosive environment including, but not limited to, casing, casing cement, tubing, and the packer in proximity of injection interval.



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11. Prior to commencing injection, Operator shall obtain OCD's approval a hydrogen-sulfide contingency plan that complies with Rule 19.15.11.9 NMAC.
12. No later than thirty (30) days prior to commencing injection, Operator shall obtain OCD's approval of immediate notification parameters for annulus pressure and tubing and casing differential pressure at a set injection temperature.
13. No later than forty-five (45) days after Operator completes drilling the well, Operator shall submit to OCD's district office the well drilling logs including mudlogs, electric logs, daily reports, and the static bottom-hole pressure measured at completion of drilling the well.
14. No later than forty-five (45) days after completion of the well, Operator shall submit to OCD the final reservoir evaluation and confirm that the open-hole portion of the well does not intersect the fault plane of any identified fault that occurs within the approved injection interval.
15. No later than ninety (90) days after commencing injection, and no less frequently than annually thereafter, Operator shall consult with OCD regarding the immediate notification parameters. If OCD determines that the immediate notification parameters should be modified, Operator shall provide modified parameters within thirty (30) days of notification for review by OCD.
16. No later than thirty (30) days after the fifth (5th) year of injection, Operator shall submit to OCD a report summarizing the well's performance including injected volumes by fluid type, reservoir pressures, the models calibrated using that information and seismic modeling.