

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. 30-045-28653
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 Sunco Disposal
8. Well Number 1
9. OGRID Number 247130
10. Pool name or Wildcat SWD-MV

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other SWD Class I	
2. Name of Operator Agua Moss, LLC	
3. Address of Operator PO Box 600 Farmington, NM 87499	
4. Well Location Unit Letter <u>E</u> : <u>1595</u> feet from the <u>North</u> line and <u>1005</u> feet from the <u>West</u> line Section <u>2</u> Township <u>29N</u> Range <u>12W</u> NMPM County <u>San Juan</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5859'	

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 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: Alternative FOT <input checked="" type="checkbox"/>		OTHER: FOT <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.

Agua Moss, LLC proposes to perform the following reservoir pressure evaluation test in place of the FOT. Please see the attached procedure.

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 Philana Thompson TITLE Regulatory Compliance Spec DATE 8/25/2020

Type or print name Philana Thompson E-mail address: pthompson@merrion.bz PHONE: 505-486-1171

For State Use Only

APPROVED BY: Carl J. Thompson TITLE Environmental Engineer DATE 8/25/2020

Conditions of Approval (if any):

SUBJECT: REQUEST TO MODIFY THE SUNCO #1 2020 ANNUAL FALL OFF TEST

Dear Carl Chavez:

Agua Moss, LLC requests the OCD's approval to forego the Sunco #1's annual fall off test for the 2020 reporting period and instead complete a reservoir pressure evaluation test (RPE).

After evaluating the 2020 injection volumes and economic viability for the Sunco #1, Agua Moss, LLC feels that performing a fall of test this year would only affirm existing data. Over the past few years, the fall off test results have yielded similar results and have not indicated reasons for concern. Please see the table below.

Fall Off Test Results	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Rate (bbl/day)		3292	3150	3132	3340	4500			
P* (psi)	2939¹	3479	3273	3114	3283	3231	3242	3176	3258
K (md)		10.8	10.4	11.5	15.8	13.6	10.2	20.7	
S		-6.0	-6.0	-5.93	-5.97	-7.18	-7.23	-6.79	
Radius of Inv (ft)		1690	1790	1430	1580	1450	1250	1750	1620
Frac ½ Length (ft)		598	517	594	467	893	926	596	688
Boundary		None	none	none	none	648, 1520	755	987	none

¹ Pressure collected from Reservoir Pressure Evaluation test, all other data from Fall Off Test

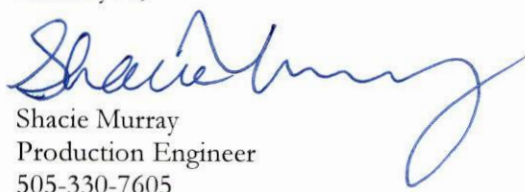
This year, our total injected volume has been minimal. From January to July of 2020, we've injected ~5600 total bbls of fluid. The fall off test alone requires ~6500 bbls to perform, so we would have to outsource a significant volume of fluid. Additionally, the well has not indicated any abnormal mechanical issues or pressures. The highest injection pressure recorded this year was 2175 psig, which is significantly below the facility's max allowable pressure of 2400 psig. Based on this year's injection volumes and current operating conditions, we presume that there is no additional stress to the injection zone that would warrant concern or require fall off test analytics. We are also requesting to forgo the slickline work. Operating surface pressures have not indicated restrictions downhole. If an indication does occur it will be addressed at that time.

Economics are another reason for not performing the fall off test. When evaluating the viability of continuing operations, the cost to perform and analyze the fall off test plays a significant role in the economics. This cost especially impacts the economics when volumes are marginal. Agua Moss understands the importance of this well to the State, so the avoidance of any additional expenditure aids in the continuance of our operations.

In addition, the RPE test that we are requesting requires fewer people on location. During COVID-19 restrictions it is best to limit contact for everyone even though this is essential work.

Please let us know your decision as soon as possible. If we aren't able to perform the RPE, we would need to plan accordingly to make the September report submission deadline.

Thank you,



Shacie Murray
Production Engineer
505-330-7605

Well Information			
Well:	Sunco Disposal 1	Field:	Mesaverde SWD
Location:	1595' fnl & 1005' fwl S2, T29N, R12W San Juan Co. New Mexico	Elevations:	5859' GL 5872' RKB
		Depths:	4706' KB PBTD 4760' KB TD
		Engineer:	Shacie Murray(505.330.7605)
API:	30-045-28653	Date:	August 21, 2020
Surface Casing:	8- 5/8" @ 209' KB w/ 150sx; Circ to surface	Production Casing:	5-1/2" @ 4750' KB w/ 230 sx stage 1, 515 sx stage 2, circ 25 sx to surf, DV tool @ 2244' KB
Tubulars:	2- 7/8" 6.5# EUE (Epoxy Coated) @ 4282' KB	Packer:	Arrow XL-W retrievable seal bore @ 4282' KB.
Perforations (MV)		4350-4460' KB 2 spf (2000 gals 15% HCL, Frac w/ 100,000# 20/40)	
Additional Perforations			
Perforations (MV)		None	

Version 1: Static Reservoir Pressure Evaluation Procedure subject to change based on changing well conditions.

Proposed Test Schedule:

Date	Event	Remarks
Monday, September 1st, 2020	Check conditions, check pressures and perform MIT	MIT, check tubing pressure 9 am
Friday, September 5th, 2020	96 hrs	Conclude test at 9am

Test Considerations:

- V.1 The pressure acquisition will be performed with pressure gauges at the surface.
- V.2 There will be adequate storage capacity for waste water for the duration of the test.
- V.3 There is one offset well completed in the Point Lookout disposal formation. The McGrath #4 is a class II disposal operated by ConocoPhillips approx 1.25 miles to the north west of the Sunco #1. The well has been P&A'd, so there will not be any injection activity from offset wells during the test.
- V.4 A shut-in valve is located on the injection riser approx 3-feet from the wellhead. This valve can be shut to isolated the tubing at the wellhead.
- V.5 Bottomhole pressure will not be collected directly but calculated from the surface pressure collected using the appropriate gradient. The use of surface pressure for the test is justified by the fact that the well will maintain a positive pressure at the surface during the entire test (injection and pressure falloff).
- V.6 A test log will be kept during the test and submitted with the FOT results. The log will include key events with date and times.
- Well isolation
 - Pressure recordings
- V.7 Surface pressures will be recorded continuously using a data logger and transducer during the FOT. If any abnormal surface pressure change occurs the test validity will be questioned and the test will be aborted if deemed invalid.

V.8 The continuous data recording consists of a HOBO UX120-006M data logger with a TE connectivity M5200 industrial pressure transducer. The data logger features 4MB memory capable of keeping 1.9 million measurements, 1 year batter life (at 1 minute logging and 15 second sampling interval), and an accuracy of +/- 0.3%. Data will be recorded every 15 seconds. The pressure transducer has an accuracy of +/-0.25% and operating pressure range of 0-3,000 psi.

V.9 In addition, a chart recorder will monitor the tubing and casing pressure during the test as a backup for the data logger

Reservoir Pressure Test Procedure:

Prepare Well for Fall Off Test

1. Perform MIT
2. Setup pressure recording chart and digital gauge

Conduct Pressure Monitoring

1. Ensure surface gauges are configured properly
2. Record surface tubing pressure data for 96 hrs, Pressure reading will be taken every minute.
 - a. Bottomhole pressures will be calculated and compiled for the test for review
3. Put well back into service for normal operation.