

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

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

APR 04 2017

RECEIVED

WELL API NO.	30-025-43470
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> FEDERAL <input type="checkbox"/>	
6. State Oil & Gas Lease No.	NA
7. Lease Name or Unit Agreement Name	Monument AGI D
8. Well Number	#2
9. OGRID Number	24650
10. Pool name or Wildcat AGI: Devonian	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,384 (GR)	

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: Acid Gas Injection Well ☒

2. Name of Operator
Targa Midstream Services LLC

3. Address of Operator
1000 Louisiana, Houston, TX 77002

4. Well Location
Unit Letter O : 685 feet from the SOUTH line and 2,362 feet from the EAST line
Section 36 Township 19S Range 36E NMPM County Lea

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐
CLOSED-LOOP SYSTEM ☐
OTHER: (COMPLETION) ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: (Mechanical Integrity Test & start-up) ☒

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.

Completion work on Monument AGI D #2 began on January 19, 2017 and ended with workover procedures on March 22, 2017. The permanent packer placed in Monument AGI D #2 is built from Incoloy CRA components and was placed at 8,293 feet within the CRA 7-inch diameter casing. Just above the packer is a Halliburton HAL ROC® Pressure-Temperature (PT) gauge located at a depth of 8,281 feet. Above the PT gauge are 7 joints of SM2550 Nickel CRA tubing followed by 256 joints of J55 8RD fiberglass lined tubing with cross-over and pup joints in between. The SSSV was placed at a final depth of 302 feet with cross-over and pup joints above and below (see Plate 1 and Figure 1).

Shortly after initiation of injection in February 2017, a rise in the annulus pressure indicated a potential leak in the injection tubing, permanent packer, or Christmas tree. The built up pressure was bleed-off and detections of H2S were encountered. After a detailed investigation, the source of the leak was determined to be in a defective crossover joint located at approximately 308 feet, which was above the SSSV. This leak was identified using temperature and noise surveys conducted along the tubing, and confirmed by a pressure hydro-test of the SSSV and crossovers in Halliburton's shop after they were pulled. The SSSV and new crossover joints were pressure tested prior to installing them back into the well. The tubing was reinstalled again and mechanical integrity tested. The second mechanical integrity test failed as the pressure on the backside continued to significantly drop overnight indicating another leak in the tubing.

It was determined that the second tubing leak was the result of compromised connections/threads in the UCP J2 tubing. In addition, some damages were noted on the tubing hanger and bowl, which were then sent to a machine shop for redressing and repair. All the valves in the Christmas tree were serviced and successfully pressure tested. The defective UCP J2 tubing was replaced with fiberglass lined J55 8RD tubing. The J55 8RD tubing was readily available as it came from Monument AGI #1. The amount of time it would cost to obtain and redress new tubing was outweighed by flaring considerations. The replacement tubing was installed between March 17, 2017 and March 20, 2017, and each connection was hydro-tested by GatorHawk to ensure they were properly sealed. The Christmas tree was successfully installed and pressure tested.

* NEW TUBING PURCHASED FOR AGI #1. BUT WAS NEVER RAN.

AMENDED C-103

MB

The MIT was conducted after providing notice to NMOCD on Wednesday, March 22, 2017 beginning at 9:41 am. George Bower, Technician for the NMOCD was on site to witness and approve the test. Below is a step-by-step summary of the MIT and observed results:

1. This is a new well and although injection has briefly occurred, there has been no injection for the last several weeks.
2. The annular space pressure between casing and tubing was 0 psig at the start of the MIT.
3. Placed chart on annular space and began recording annular space pressure.
4. Slowly raised annular pressure by introducing diesel to the annulus to bring pressure to 620 psig.
5. When annulus pressure reached 620 psig, closed valves to pumping truck.
6. Recorded annular space pressure for 32 minutes.
7. After 32 minutes (10:13 am) the annulus pressure was 615 psig, a loss of 5 psig (0.8% decrease).
8. The diesel was bled from the annulus to reduce observed pressure to 0 psig at which time recording was stopped and the test completed.

An updated tubing tally, MIT pressure chart (approved by the NMOCD), and calibration information has been provided. Monument AGI D #2 is currently accepting TAG within the approved injection pressure and temperature.

A review of the annular pressure, surface injection pressure, bottom hole pressure, surface injection temperature, and bottom hole injection temperature, while injecting between March 23, 2017 and March 29, 2017, has shown no indication of a tubing, casing or packer leak at Monument AGI D #2 (Figure 2). Surface pressure was gradually increased to 1500 psi where it has minimally fluctuated. The annular pressure steadily increased from approximately 300 psi to just below 500 psi. The annular pressure continues to increase slightly due to the increased surface injection pressure and warming effects of the surrounding rocks and atmospheric conditions. Once the annular pressure stabilizes from normal operations and geothermal gradients, which typically takes a few weeks a new well, the backside will be bled down to approximately 300 psi, and appropriately recorded by Targa. Continued increases in annular pressure without corresponding increases in the factors normally affecting the annular pressure would be indicative of a potential tubing leak. For this reason, these parameters will continue to be monitored continuously to assure compliance with NMOCD's approved immediate notification parameters and reported on a quarterly basis to NMOCD as required by the NMOCD order.

Spud Date:

November 23, 2016

Rig Release Date:

January 13, 2017

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Dale T. Littlejohn

TITLE Consultant to Targa Midstream LLC

DATE 4/4/17

Type or print name Dale T. Littlejohn

E-mail address: dale@geolex.com

PHONE: 505-842-8000

For State Use Only

APPROVED BY:

Mary Brown

TITLE

AD/II

DATE

4/4/2017

Conditions of Approval (if any):

Brown, Maxey G, EMNRD

From: Jared Smith {Geolex} <jsmith@geolex.com>
Sent: Wednesday, April 5, 2017 12:58 PM
To: Brown, Maxey G, EMNRD
Cc: Alberto A. Gutierrez; Lingnau, James A.; liz@geolex.com
Subject: Monument AGI D #2 - J55 Tubing

Hi Maxey,

Per our discussion, the J55 fiberglass-lined tubing that was placed in Monument AGI D #2 was never used in Monument AGI #1. It was backup tubing for Monument AGI #1 and never actually placed in it.

This essentially means the J55 fiberglass-lined tubing was new tubing.

Apologies for the confusion, and please let me know if we need to submit another C-103 stating the above.

Cheers,

Jared Smith
Geologist, M.S.
Geolex, Incorporated®
500 Marquette Avenue NW
Suite 1350
Albuquerque, NM 87102
(Office): 505-842-8000
(Cell): 405-659-0285

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