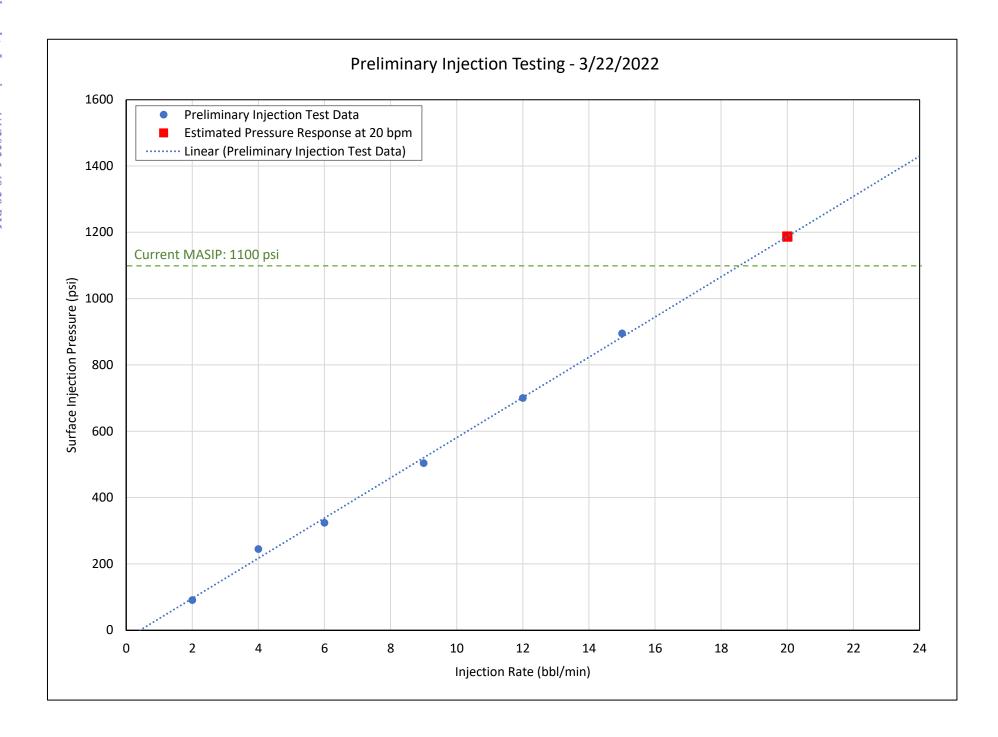
| Submit 1 Copy To Appropriate District Office                                | State of New Mexico                                                                                        | Form C-103                                                 |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| <u>District I</u> – (575) 393-6161<br>1625 N. French Dr., Hobbs, NM 88240   | Energy, Minerals and Natural Resources                                                                     | WELL API NO.                                               |
| <u>District II</u> – (575) 748-1283<br>811 S. First St., Artesia, NM 88210  | OIL CONSERVATION DIVISION                                                                                  | 30-025-49600                                               |
| District III - (505) 334-6178                                               | 1220 South St. Francis Dr.                                                                                 | 5. Indicate Type of Lease  STATE FEE X                     |
| 1000 Rio Brazos Rd., Aztec, NM 87410<br><u>District IV</u> – (505) 476-3460 | Santa Fe, NM 87505                                                                                         | 6. State Oil & Gas Lease No.                               |
| 1220 S. St. Francis Dr., Santa Fe, NM<br>87505                              |                                                                                                            |                                                            |
|                                                                             | TICES AND REPORTS ON WELLS OSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A                                   | 7. Lease Name or Unit Agreement Name                       |
| DIFFERENT RESERVOIR. USE "APPLI                                             | ICATION FOR PERMIT" (FORM C-101) FOR SUCH                                                                  | BEAZA SWD                                                  |
| PROPOSALS.)  1. Type of Well: Oil Well                                      | Gas Well Other SWD                                                                                         | 8. Well Number                                             |
| 4 17 40                                                                     | ONE ENVIRONMENTAL SERVICES LLC                                                                             | 9. OGRID Number 328435                                     |
| 3. Address of Operator 15721                                                | PARK ROW, SUITE 150                                                                                        | 10. Pool name or Wildcat<br>SWD; BELL CANYON-CHERRY CANYON |
| 4. Well Location                                                            | 2480 N                                                                                                     | 160 E                                                      |
| Onit Letter:                                                                | feet from theline and                                                                                      | feet from theline                                          |
| Section 25                                                                  | Township 24S Range 34E 11. Elevation (Show whether DR, RKB, RT, GR, etc.)                                  | TVIVII IVI County                                          |
|                                                                             | 3360.1                                                                                                     |                                                            |
| 10 01 1                                                                     |                                                                                                            | D                                                          |
| 12. Check                                                                   | Appropriate Box to Indicate Nature of Notice                                                               | e, Report or Other Data                                    |
|                                                                             |                                                                                                            | BSEQUENT REPORT OF:                                        |
| PERFORM REMEDIAL WORK  TEMPORARILY ABANDON                                  |                                                                                                            | RK □ ALTERING CASING □ RILLING OPNS.□ P AND A □            |
| PULL OR ALTER CASING                                                        | MULTIPLE COMPL CASING/CEME                                                                                 |                                                            |
| DOWNHOLE COMMINGLE                                                          |                                                                                                            |                                                            |
| CLOSED-LOOP SYSTEM OTHER: Proposed STep-r                                   | <br>ate Test Procedures                                                                                    | П                                                          |
| 13. Describe proposed or com                                                | pleted operations. (Clearly state all pertinent details, a                                                 |                                                            |
| of starting any proposed w<br>proposed completion or re                     | ork). SEE RULE 19.15.7.14 NMAC. For Multiple C                                                             | ompletions: Attach wellbore diagram of                     |
| proposed completion of re                                                   | completion.                                                                                                |                                                            |
|                                                                             |                                                                                                            |                                                            |
|                                                                             | g an updated step-rate test procedure, requesting                                                          |                                                            |
|                                                                             | njection test performed 3/22 indicates that three s<br>achieved at 20 bpm. A chart of this test is attache |                                                            |
|                                                                             |                                                                                                            |                                                            |
| Changes noted                                                               | d                                                                                                          |                                                            |
|                                                                             |                                                                                                            |                                                            |
|                                                                             |                                                                                                            |                                                            |
|                                                                             |                                                                                                            |                                                            |
| 40400004                                                                    | 3/19/2022                                                                                                  |                                                            |
| Spud Date: 12/16/2021                                                       | Rig Release Date:                                                                                          |                                                            |
|                                                                             |                                                                                                            |                                                            |
| I hereby certify that the information                                       | n above is true and complete to the best of my knowled                                                     | lge and belief.                                            |
|                                                                             |                                                                                                            |                                                            |
| SIGNATURE / Muone                                                           | KHTYY TITLE CONSULTING E                                                                                   | maglonquist.com PHONE: 512 400 177)                        |
| Type or print name                                                          | E-mail address:                                                                                            | PHONE: 512 (00 177)                                        |
| APPROVED BY:                                                                | R. Socky TITLE UIC Manager                                                                                 | DATE 04/04/2022                                            |
| Conditions of Approval (if any)                                             | $\mathcal{O}$                                                                                              |                                                            |

Received by OCD: 3/24/2022 3:03:12 PM



|   | ONQUIST & CO. LLC Step Rate Test Procedure Project No.: 2375 |                    |                                      |                                      |                           |                             |        |       |    |
|---|--------------------------------------------------------------|--------------------|--------------------------------------|--------------------------------------|---------------------------|-----------------------------|--------|-------|----|
| l | PETROLEUM<br>Engineers                                       | ENERGY<br>Advisors | Mileston                             | Milestone Environmental Services LLC |                           | <b>Date:</b> March 24, 2022 |        |       | 22 |
|   |                                                              |                    | Wilestone Environmental Services LLC |                                      |                           | Page:                       | 1      | of    | 5  |
| ١ | <b>Well:</b> Beaza SV                                        | VD No. 1           | State: NM                            | County: Lea                          | <b>API</b> : 30-025-49600 | District                    | : 1 (H | obbs) |    |

#### INTRODUCTION:

Milestone Environmental Services LLC ("Milestone") has requested Lonquist & Co, LLC ("LCO") prepare procedures for a Step Rate Test ("SRT") on Beaza SWD No. 1. This test is being performed to support an application for injection pressure increase at the subject well. This procedure will follow the draft guidance document for the Application Process for Injection Pressure Increases provided by the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department ("OCD").

The general scope of the work is as follows:

- If required by the District, a bradenhead test and mechanical integrity test (MIT) will be performed. The well must pass both tests before a SRT can be performed.
- Prior to testing, shut in the well long enough, but not less than 48 hours to ensure that the bottom hole pressure is at or near the shut-in formation pressure.
- Procure a minimum of nine (9) 500-bbl frac tanks
- Fill tanks with clean brine water from a client facility or third-party source
- MIRU pumps and iron
- MIRU WL unit and Perform gauge ring run
- TIH with BHP gauge to the mid-perf depth
- If wellbore is not full, fill with brine at 0.5 BPM
- Allow pressure to stabilize
- Step up rates as detailed in the Rate Schedule table
- Shut in well completely and record pressures for 30 minutes
- Conclude test and RDMO pumps and WL unit

#### **OBJECTIVES**

Perform a step-rate test that:

- 1. Adheres precisely to the flow rates and durations included in the Rate Schedule below
- 2. Includes a minimum of three steps below and three steps above the formation fracture pressure

| PREPARED BY | DATE       | REVIEWED BY | DATE       | APPROVED BY | DATE       | Client Signature |
|-------------|------------|-------------|------------|-------------|------------|------------------|
| JAM         | 03/24/2022 | NLB         | 03/24/2022 | WHG         | 03/24/2022 |                  |

| LONQUIST       | & CO. LLC | Step Rate Test Procedure |                                      |                           |           | Project No.: 2375 |        |    |  |  |
|----------------|-----------|--------------------------|--------------------------------------|---------------------------|-----------|-------------------|--------|----|--|--|
| ENGINEERS      | ADVISORS  | Miloston                 | Milestone Environmental Services LLC |                           |           | arch              | 24, 20 | 22 |  |  |
|                |           | Willeston                |                                      |                           |           | 2                 | of     | 5  |  |  |
| Well: Beaza SV | VD No. 1  | State: NM                | County: Lea                          | <b>API</b> : 30-025-49600 | District: | 1 (H              | obbs)  |    |  |  |

#### REGULATORY INFORMATION:

The Beaza SWD No. 1 is regulated by the New Mexico OCD. The operator must submit Division Form C-103 to the OCD District office with the description of the procedure for the SRT prior to the test. Once the operator has an approved Sundry Notice, the operator shall notify the appropriate OCD District office at least 72 hours prior to the scheduled SRT so that OCD personnel may be present to witness the test. A bradenhead test (if required by the District) and mechanical integrity test (MIT) will be performed before the SRT. If the subject well fails either test, then the SRT will be suspended until the mechanical integrity issue(s) has been remediated. The mechanical integrity testing may be modified at the discretion of the District Supervisor.

The completed SRT results are to be submitted to the Engineering Bureau in Santa Fe and should include the following information:

- Administrative application checklist (available on OCD website under Unnumbered Forms on Form webpage).
- Cover letter with contact information, general description of test and pressure increase being proposed.
- Complete data summary including injection rates, duration of each step, pressure measurements (surface and bottom hole) and the ISIP.
- SRT-specific information: location of pressure gauges (depth); initial bottomhole pressure; injection fluid type and specific gravity.
- Graph summary of pressure versus injection rate with interpretation.
- Current well completion diagram.
- Copy of the order authorizing the injection into the well.

If a pressure increase is granted, it shall be limited for use in the well with the same tubing, size, length, and type of interior coating as present for the SRT. If these components are changed, the operator must ask the Engineering Bureau to recalculate the surface pressure limit, which may require another SRT.

| PREPARED BY | DATE       | REVIEWED BY | DATE       | APPROVED BY | DATE       | Client Signature |
|-------------|------------|-------------|------------|-------------|------------|------------------|
| JAM         | 03/24/2022 | NLB         | 03/24/2022 | WHG         | 03/24/2022 |                  |

| LONQUIS                | NQUIST & CO. LLC Step Rate Test Procedure Project No.: 2375 |           |                                      |                           |           |                             |       |   |
|------------------------|-------------------------------------------------------------|-----------|--------------------------------------|---------------------------|-----------|-----------------------------|-------|---|
| PETROLEUM<br>Engineers | ENERGY<br>Advisors                                          | Mileston  | Milestone Environmental Services LLC |                           |           | <b>Date:</b> March 24, 2022 |       |   |
|                        | Willestone Litviloninental Services LLC                     |           |                                      |                           | Page:     | 3                           | of    | 5 |
| Well: Beaza            | SWD No. 1                                                   | State: NM | County: Lea                          | <b>API</b> : 30-025-49600 | District: | 1 (H                        | obbs) |   |

#### STEP-RATE TEST DETAILED PROCEDURE:

- 1. Once the operator has an approved Sundry Notice, notify appropriate OCD District office at least 72 hours prior to the scheduled SRT so that OCD personnel may be present to witness the test.
- 2. If required by the District, a bradenhead test and mechanical integrity test (MIT) will be performed. The well must pass both tests before an SRT can begin.
- 3. Prior to testing, shut in the well long enough, but not less than 48 hours to ensure that the bottom hole pressure is at or near the shut-in formation pressure
  - a. Pressure should be recorded for the duration of the shut in to confirm stabilization
- 4. Set a minimum of nine (9) 500-bbl frac tanks (Enough to complete the planned test with contingency brine)
  - a. Fill with a minimum of 4,500 bbls of clean brine water from a client facility or third-party source
- 5. RU pumps and iron
  - a. MIRU kill trucks/frac pumps and lay iron
  - b. Pumps, iron and flow control should be sized so that steps in rate will not create pressure or rate transients, other than those caused by the intended steps
- 6. If not already present, install flow meter(s) and surface pressure gauge capable of digitally recording injection rates and pressures
  - a. Recording frequency of one second or less is ideal
  - b. Pressure gauges and flow meters should have continuous readout for observation throughout test
  - c. Ensure pressure gauges are recently calibrated and able to accommodate the full range of expected rates and pressures
- 7. MIRU WL
- 8. Perform gauge ring run
- 9. PU BHP gauge and RIH to the mid-perf depth, ensure the gauge is calibrated
- 10. Ensure the wellbore is full of brine before initiating the test
  - a. If necessary, fill hole with brine at a constant rate of 0.5 BPM
  - b. Once the well is full, stop pumping and allow the pressure to stabilize
- 11. Begin test at an injection rate of 0.5 BPM for 30 minutes
  - a. Surface injection pressure, bottomhole pressure, and injection rate must be digitally recorded for the duration of the test
- 12. Step up rates per the table included below
  - a. Surface pressure should not exceed 80% of the maximum pressure rating of the wellhead at any time
  - b. Changes in flow rate must occur over as short of intervals as possible
  - c. Injection rates should be controlled with a constant flow regulator
  - d. All injection flow rates, including hole conditioning treatments prior to the test, must be documented on service company forms
  - e. Re-fill frac tanks as needed
  - f. A minimum of three fluid samples should be caught throughout the test, at the beginning, middle and end
    - i. The density of the samples will be read by an in-house method
    - ii. Fluid density will be reported to the OCD with SRT results

| PREPARED BY | DATE       | REVIEWED BY | DATE       | APPROVED BY | DATE       | Client Signature |
|-------------|------------|-------------|------------|-------------|------------|------------------|
| JAM         | 03/24/2022 | NLB         | 03/24/2022 | WHG         | 03/24/2022 |                  |

| LONQUIST                                                    | & CO. LLC | Ste                                  | Step Rate Test Procedure             |           |       |        | Project No.: 2375 |    |  |  |  |
|-------------------------------------------------------------|-----------|--------------------------------------|--------------------------------------|-----------|-------|--------|-------------------|----|--|--|--|
| ENGINEERS                                                   | ADVISORS  | Mileston                             | Milestone Environmental Services LLC |           |       | /larch | 24, 20            | 22 |  |  |  |
|                                                             |           | Wilestone Environmental Services LLC |                                      |           | Page: | 4      | of                | 5  |  |  |  |
| Well: Beaza SWD No. 1 State: NM County: Lea API: 30-025-496 |           |                                      | <b>API</b> : 30-025-49600            | District: | 1 (H  | obbs)  |                   |    |  |  |  |

- 13. Upon completion of the final injection stage, the line valve must be closed to stop injection immediately. This will allow the pressure to bleed off into the formation.
  - a. Ensure that pressure values are recorded at the highest obtainable frequency during shut-in
  - b. Continue to capture falloff pressure data for 30 minutes
- 14. Conclude test
  - a. POOH with BHP gauge
  - b. RDMO WL
- 15. The completed SRT results are to be submitted to the Engineering Bureau in Santa Fe and should include the following information:
  - a. Administrative application checklist (available on OCD website under Unnumbered Forms on Form webpage).
  - b. Cover letter with contact information, general description of test and pressure increase being proposed.
  - c. Complete data summary including injection rates, duration of each step, pressure measurements (surface and bottom hole) and the ISIP.
  - d. SRT-specific information: location of pressure gauges (depth) initial bottomhole pressure; injection fluid type and specific gravity.
  - e. Graph summary of pressure versus injection rate with interpretation.
  - f. Current well completion diagram.
  - g. Copy of the order authorizing the injection into the well.

#### **EQUIPMENT DESCRIPTION**

- Surface Pressure Gauge with continuous readout and digital data recording
- Bottomhole Pressure Gauge with live surface readout and digital data recording
- In-line Flow Meter with a rate range that includes 0.5 BPM to 26 BPM

| PREPARED BY | DATE       | REVIEWED BY | DATE       | APPROVED BY | DATE       | Client Signature |
|-------------|------------|-------------|------------|-------------|------------|------------------|
| JAM         | 03/24/2022 | NLB         | 03/24/2022 | WHG         | 03/24/2022 |                  |

| LONQUIST & CO. LLC    | Ste                                                          |  |  |                     | Project No.: 2375 |        |    |  |
|-----------------------|--------------------------------------------------------------|--|--|---------------------|-------------------|--------|----|--|
| ENGINEERS ADVISORS    | Mileston                                                     |  |  |                     | /larch            | 24, 20 | 22 |  |
|                       | willestone Environmental Services LEC                        |  |  | Page:               | 5                 | of     | 5  |  |
| Well: Beaza SWD No. 1 | <b>State:</b> NM <b>County:</b> Lea <b>API:</b> 30-025-49600 |  |  | District: 1 (Hobbs) |                   |        |    |  |

### **RATE SCHEDULE**

• Schedule is subject to change. Durations may increase to accommodate pressure stabilization and rates may change based on pressure behavior indicative of formation fracture.

| Step | In  | jection Ra | Duration | Stage<br>Volume | Cumulative<br>Volume |       |
|------|-----|------------|----------|-----------------|----------------------|-------|
| No.  | ВРМ | GPM        | BPD      | (minutes)       | (BBL)                | (BBL) |
| 1    | 0.5 | 21         | 720      | 30              | 15                   | 15    |
| 2    | 1   | 42         | 1,440    | 30              | 30                   | 45    |
| 3    | 2   | 84         | 2,880    | 30              | 60                   | 105   |
| 4    | 5   | 210        | 7,200    | 30              | 150                  | 255   |
| 5    | 8   | 336        | 11,520   | 30              | 240                  | 495   |
| 6    | 11  | 462        | 15,840   | 30              | 330                  | 825   |
| 7    | 14  | 588        | 20,160   | 30              | 420                  | 1,245 |
| 8    | 17  | 714        | 24,480   | 30              | 510                  | 1,755 |
| 9    | 20  | 840        | 28,800   | 30              | 600                  | 2,355 |
| 10   | 23  | 966        | 33,120   | 30              | 690                  | 3,045 |
| 11   | 26  | 1092       | 37,440   | 30              | 780                  | 3,825 |

#### INJECTION HISTORY

This is a new well that has not yet commenced injection

#### **WELL TREATMENT HISTORY**

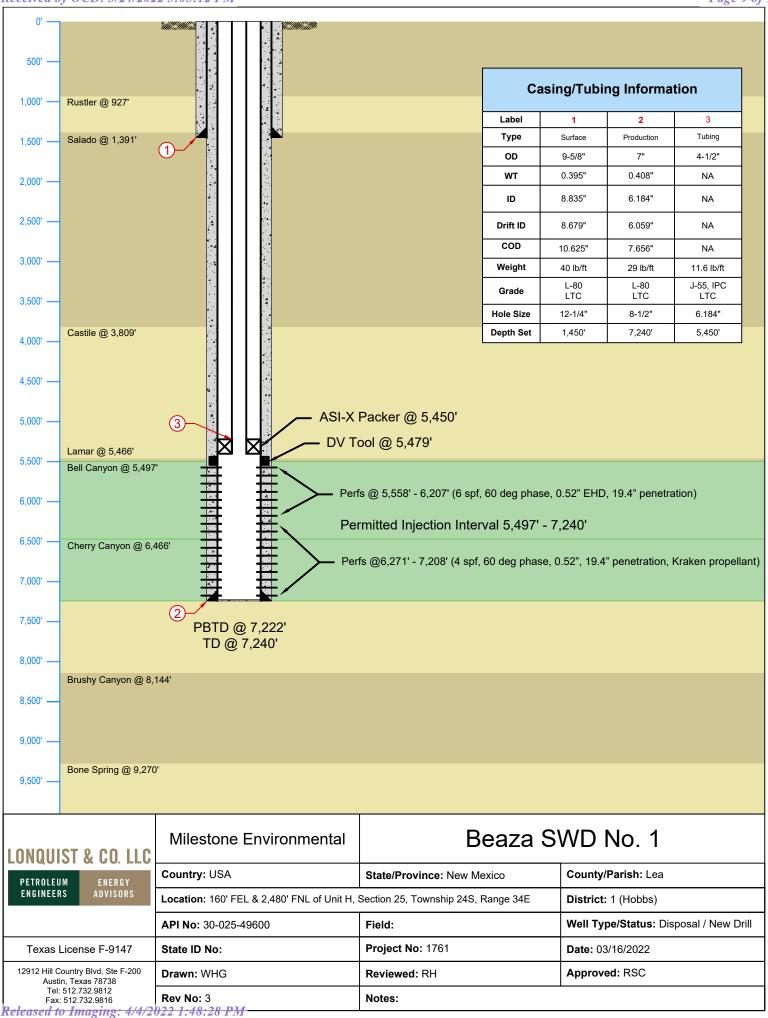
The Beaza SWD No. 1 was acidized in February 2022 with approximately 700 bbls of 15% HCL at a maximum pressure of 1,100 psi. The daily reports for the acid treatment are attached.

#### **ATTACHMENTS**

- 1. Wellbore Diagram
- 2. Acid Treatment Daily Reports

| PREPARED BY | DATE       | REVIEWED BY | DATE       | APPROVED BY | DATE       | Client Signature |
|-------------|------------|-------------|------------|-------------|------------|------------------|
| JAM         | 03/24/2022 | NLB         | 03/24/2022 | WHG         | 03/24/2022 |                  |

Attachment No. 1 Wellbore Diagram



# Attachment No. 2 Acid Treatment Daily Reports

| Beaza SWD No. 1                   |                                 |                      |  |  |  |
|-----------------------------------|---------------------------------|----------------------|--|--|--|
| Operator: Milestone Environmental | Project Number: F2131           | Rig Contractor:      |  |  |  |
| Well API/SN: 30-025-49600         | PO Number:                      | Days on Location: 12 |  |  |  |
| Field:                            | Spud Date:                      | Days from Spud:      |  |  |  |
| County/Parish: Lea                | Report Number: 12               | RKB:                 |  |  |  |
| State: NM                         | Report Date: 02-20-2022         | Current Depth:       |  |  |  |
| Company Man: Mike Zaunbrecher     | <b>Cell Phone:</b> 337-581-6514 | Rig Phone:           |  |  |  |
|                                   | ACTIVITY LAST 24 HOURS          |                      |  |  |  |

|       |                   |       | Footage: Rotary Hours: ROP: FPH                                                                                      |  |  |
|-------|-------------------|-------|----------------------------------------------------------------------------------------------------------------------|--|--|
| FROM  | TO                | HOURS | DESCRIPTION                                                                                                          |  |  |
| 7:00  | 8:00              | 1:00  | OFFLOAD RENTAL EQUIPMENT; RIG UP FLOWBACK IRON & PUMP TRUCK                                                          |  |  |
| 8:00  | 12:30             | 4:30  | SAFETY MEETING WITH CUDD PERSONEL ON RIGGING UP; SPOT AND RIG UP COIL TUBING UNIT; PUMP TRUCKS AND SUPPORT EQUIPMENT |  |  |
|       |                   | 0:00  | PRESSURE TEST LINES TO 3000 PSI                                                                                      |  |  |
| 12:30 | 16:00             | 3:30  | RIH W/ 2-3/8" COIL TUBING @ 50-60 FT/MIN. PUMPING 4 BPM WASHING OVER PERFORATIONS F/6271' T/7208'                    |  |  |
|       |                   | 0:00  | (STOPPING EVERY 250' AND WORKING COIL TUBING UP 100') TAGGED SLIGHT BRIDGE @ 7135' TAKKING ABOUT 2K WEIGHT.          |  |  |
| 16:00 | 19:00             | 3:00  | CIRCULATE HOLE CLEAN; PUMP 10 BBL 65 VIS. SWEEP AND CIRCULATE AT 4 BBL/MIN AND 350 SCFM NITROGEN.                    |  |  |
| 19:00 | 21:00             | 2:00  | STOP NITROGEN INJECTION AND CIRCULATE OUT                                                                            |  |  |
| 21:00 | 22:30             | 1:30  | POSITION WASH NOZZLE @ 7208' PUMP 178 BBLS (7500 GAL) OF 15% HCL SPOTTING ACROSS PERF'S F/7030' T/7208' @ 3 BBL/MIN  |  |  |
|       |                   | 0:00  | 1100 PSI AT START OF STAGE; 500 PSI AT END OF STAGE.                                                                 |  |  |
| 22:30 | 23:30             | 1:00  | SHUT IN WELL FOR 1 HOUR; PRESSURE BLED DOWN TO 0 PSI                                                                 |  |  |
| 23:30 | 23:45             | 0:15  | BULLHEAD 10 BBLS OF BRINE @ 3 BBL/MIN AND 500 PSI                                                                    |  |  |
| 23:45 | 1:30              | 1:45  | POSITION WASH NOZZLE @ 6910' PUMP 178 BBLS (7500 GAL) 0F 15% HCL SPOTTING ACROSS PERF'S F/6686' T/6910' @ 3 BBL/MIN  |  |  |
|       |                   | 0:00  | 500 PSI AT START OF STAGE; 400 PSI AT END OF STAGE.                                                                  |  |  |
| 1:30  | 2:30              | 1:00  | SHUT IN WELL FOR 1 HOUR; PRESSURE BLED DOWN TO 0 PSI                                                                 |  |  |
| 2:30  | 2:45              | 0:15  | BULLHEAD 10 BBLS OF BRINE @ 3 BBL/MIN AND 500 PSI                                                                    |  |  |
| 2:45  | 4:30              | 1:45  | POSITION WASH NOZZLE @ 6626' PUMP 178 BBLS (7500 GAL) OF 15% HCL SPOTTING ACROSS PERF'S F/6480' T/6626' @ 3 BBL/MIN  |  |  |
| 4:30  | 6:00              | 1:30  | 500 PSI AT START OF STAGE; 400 PSI AT END OF STAGE.                                                                  |  |  |
|       |                   | 0:00  | SHUT IN WELL FOR 1 HOUR; PRESSURE BLED DOWN TO 0 PSI                                                                 |  |  |
|       |                   | 0:00  | HAUL BRINE PRIOR TO FINAL ACID STAGE                                                                                 |  |  |
|       |                   | 0:00  |                                                                                                                      |  |  |
|       |                   | 0:00  |                                                                                                                      |  |  |
|       |                   | 0:00  |                                                                                                                      |  |  |
|       |                   | 0:00  |                                                                                                                      |  |  |
|       |                   | 0:00  |                                                                                                                      |  |  |
|       |                   | 0:00  |                                                                                                                      |  |  |
|       |                   | 0:00  |                                                                                                                      |  |  |
|       | 23:00 TOTAL HOURS |       |                                                                                                                      |  |  |

#### PLANNED ACTIVITY NEXT 24 HRS

PUMP ACID STAGE 4. PUMP BRINE TO FLUSH WELLBORE AND MONITOR INJECTION RATE/PRESSURE RESPONSE. RDMO COIL TUBING AND SUPPORT EQUIPMENT.

Date: 02-20-2022 Report No. 12 Page 1

| Operators: Missionse Favionismetal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                   |                                                                                                                 |              |                                  | Beaza SWD No. 1                                                              |                |                            |               |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------|--------------|----------------------------------|------------------------------------------------------------------------------|----------------|----------------------------|---------------|--|
| Power   Pielit   Field   Pielit   Pi  | Operator: Milestone Environmental |                                                                                                                 |              | vironmental                      | Project Number: F2131                                                        |                | Rig Contractor:            |               |  |
| Source   S |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| State   Mar.   Mike Zumbreche   Cult   Phone; 337-581-614   Bit Phone;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                   |                                                                                                                 |              |                                  | Spud Date:                                                                   |                |                            |               |  |
| Coll Plane; 337-581-6514   Rig Phone:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                   | County/Parish:                                                                                                  | : Lea        |                                  | Report Number: 13                                                            |                | RKB:                       |               |  |
| Foolage:   Rotary Hours   ROP:   FPH                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   | State:                                                                                                          | : NM         |                                  | Report Date: 02-21-2022                                                      |                | Current Depth:             |               |  |
| FRON   TO   HOURS   DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                   | Company Man:                                                                                                    | : Mike Zaunb | echer                            | Cell Phone: 337-581-6514                                                     |                | Rig Phone:                 |               |  |
| HOUR   DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                   |                                                                                                                 |              |                                  | ACTIVITY LAST 24 HOURS                                                       |                |                            |               |  |
| 6:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                                                                 |              | Footage:                         | Rotary Hours:                                                                | ROP:           | FPH                        |               |  |
| 11:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | FROM                              | TO                                                                                                              | HOURS        | DESCRIPTION                      |                                                                              |                |                            |               |  |
| 12:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 6:00                              | 11:30                                                                                                           | 5:30         | WAIT FOR BRINE TO ARRIVE ON LO   | OCATION PRIOR TO PUMPING LAST ACID STAG                                      | E              |                            |               |  |
| 0.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 11:30                             | 12:00                                                                                                           | 0:30         | BEGIN PUMPING FINAL ACID STAG    | E                                                                            |                |                            |               |  |
| 12:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 12:00                             | 12:30                                                                                                           | 0:30         | SHUT DOWN DUE TO LEAKING SEA     | L ON 2" 1502 UNION. PURGE LINE WITH BRINE                                    | SODA ASH M     | IIXTURE. REPLACE BAD SEAL. |               |  |
| 14:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                   |                                                                                                                 | 0:00         | ABOUT 1 BBL OF 15% HCL SPILLED   | . (REPORTED TO MILESTONE, LONQUIST AND C                                     | CUDD HSE)      |                            |               |  |
| 16:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 12:30                             | 14:00                                                                                                           | 1:30         | CONTINUE PUMPING 178 BBLS (750   | 0 GAL) OF 15% HCL SPOTTING ACROSS PERF'S I                                   | F/6271' T/6440 | )' @ 3 BBL/MIN AND 300 PSI |               |  |
| 17:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 14:00                             | 16:00                                                                                                           | 2:00         | P.O.O.H. W/COIL TUBING; PURGE RI | EEL WITH NITROGEN                                                            |                |                            |               |  |
| 0:00   2BPM @ 130-130PSI / 4BPM @ 130-163PSI / 6BPM @ 261-774 PSI / 9BPM @ 960 - 980 PSI     17:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 16:00                             | 17:00                                                                                                           | 1:00         | RIG DOWN COIL TUBING AND BOP'S   | IG DOWN COIL TUBING AND BOP'S; INSTALL AND TORQUE BLIND FLANGE ON FLOW CROSS |                |                            |               |  |
| 17:30 18:30 1:00 RIG DOWN PUMP TRUCK AND FLOWBACK IRON. MOVE OUT EQUIPMENT, WELLBORE PRESSURE 350 PSI.  0:00 0:00 0:00 0:00 0:00 0:00 0:00 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 17:00                             | 17:30                                                                                                           | 0:30         | PERFORM ABBREVIATED INJECTIO     | N TEST PUMPING DOWN 7" CSG HOLDING EAC                                       | H RATE FOR     | 5 MIN.                     |               |  |
| 0:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                                                                 | 0:00         |                                  |                                                                              |                |                            |               |  |
| 0.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 17:30                             | 18:30                                                                                                           | 1:00         | RIG DOWN PUMP TRUCK AND FLOV     | WBACK IRON. MOVE OUT EQUIPMENT. WELLBO                                       | ORE PRESSU     | RE 350 PSI.                |               |  |
| 0.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                                                                 | 0:00         |                                  |                                                                              |                |                            |               |  |
| 0.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                                                                 | 0:00         |                                  |                                                                              |                |                            |               |  |
| 0:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   | 0:00                                                                                                            |              |                                  |                                                                              |                |                            |               |  |
| 0:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| 0:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                                                                 | 0:00         |                                  |                                                                              |                |                            |               |  |
| 0:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| 0:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                                                                 | 0:00         |                                  |                                                                              |                |                            |               |  |
| 0:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| 0:00 0:00 0:00 0:00 0:00 0:00 0:00 0:0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| 0:00 0:00 0:00 0:00 0:00 0:00 0:00 12:30 TOTAL HOURS  PLANNED ACTIVITY NEXT 24 HRS  RELEASE ACID TANKS, OPEN TOP, BOOSTER PUMP AND FLOWBACK. DETERMINE PATH FORWARD FOR COMPLETION AND TESTING.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| 0:00 0:00 0:00 0:00 0:00 12:30 TOTAL HOURS  PLANNED ACTIVITY NEXT 24 HRS  RELEASE ACID TANKS, OPEN TOP, BOOSTER PUMP AND FLOWBACK. DETERMINE PATH FORWARD FOR COMPLETION AND TESTING.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| 0:00 0:00 12:30 TOTAL HOURS  PLANNED ACTIVITY NEXT 24 HRS  RELEASE ACID TANKS, OPEN TOP, BOOSTER PUMP AND FLOWBACK. DETERMINE PATH FORWARD FOR COMPLETION AND TESTING.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| 0:00 12:30 TOTAL HOURS  PLANNED ACTIVITY NEXT 24 HRS  RELEASE ACID TANKS, OPEN TOP, BOOSTER PUMP AND FLOWBACK. DETERMINE PATH FORWARD FOR COMPLETION AND TESTING.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| 12:30 TOTAL HOURS  PLANNED ACTIVITY NEXT 24 HRS  RELEASE ACID TANKS, OPEN TOP, BOOSTER PUMP AND FLOWBACK. DETERMINE PATH FORWARD FOR COMPLETION AND TESTING.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| 12:30 TOTAL HOURS  PLANNED ACTIVITY NEXT 24 HRS  RELEASE ACID TANKS, OPEN TOP, BOOSTER PUMP AND FLOWBACK. DETERMINE PATH FORWARD FOR COMPLETION AND TESTING.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| PLANNED ACTIVITY NEXT 24 HRS RELEASE ACID TANKS, OPEN TOP, BOOSTER PUMP AND FLOWBACK. DETERMINE PATH FORWARD FOR COMPLETION AND TESTING.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| RELEASE ACID TANKS, OPEN TOP, BOOSTER PUMP AND FLOWBACK. DETERMINE PATH FORWARD FOR COMPLETION AND TESTING.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                   |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | DELEASE ACI                       |                                                                                                                 |              |                                  |                                                                              |                |                            |               |  |
| D : 00.01.0000 B : NY 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | RELEASE ACII                      | ELECTOR TO THINKS, OF EAT TOT, DOOD TEAT OWN AND TEOWNACK. DETERMINE PATH FOR WARD FOR COMMEDITION AND TESTING. |              |                                  |                                                                              |                |                            |               |  |
| Date: 02-21-2022 Report No. 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Page 1                            |                                                                                                                 |              |                                  |                                                                              |                | Date: 02-21-2022           | Report No. 13 |  |

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720 District II

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720 District III

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

## **State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division** 1220 S. St Francis Dr. **Santa Fe, NM 87505**

CONDITIONS

Action 93027

#### **CONDITIONS**

| Operator:                             | OGRID:                              |
|---------------------------------------|-------------------------------------|
| Milestone Environmental Services, LLC | 328435                              |
| 15721 Park Row                        | Action Number:                      |
| Houston, TX 77084                     | 93027                               |
|                                       | Action Type:                        |
|                                       | [C-103] NOI General Sundry (C-103X) |

#### CONDITIONS

| Created By |      | Condition<br>Date |
|------------|------|-------------------|
| pgoetze    | None | 4/4/2022          |