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 1625 N. French Dr., Hobbs, NM 88240  
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 811 S. First St., Artesia, NM 88210  
 District III -- (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV -- (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM  
 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised July 18, 2013

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

WELL API NO. Independence AGI #1 30-025-48081 Independence AGI #2 30-025-49974	
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>	
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name INDEPENDENCE AGI	
8. Well Number	1 & 2
9. OGRID Number	330718
10. Pool name or Wildcat AGI: Devonian/Fusselman	
4. Well Location AGI #1 Unit Letter <u>C</u> : <u>829</u> feet from the NORTH line and <u>1,443</u> feet from the WEST line AGI #2 Unit Letter <u>C</u> : <u>1,110</u> feet from the NORTH line and <u>1,443</u> feet from the WEST line Section <u>20</u> Township <u>25S</u> Range <u>36E</u> NMPM County <u>LEA</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,103' (GR)	

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

NOTICE OF INTENTION TO:

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

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
 COMMENCE DRILLING OPNS. ☐ P AND A ☐  
 CASING/CEMENT JOB ☐  
 OTHER: Quarterly Injection Data Reports ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attached wellbore diagram of proposed completion or recompletion.

**INDEPENDENCE AGI #1 AND AGI #2- Quarterly Report (Q3) from July 1, 2023 through September 30, 2023**

AGI #1 -- MAOP 4,779 PSIG, NMOCC ORDER R-21455 (A,B)

AGI #2 -- MAOP 5,005 PSIG, NMOCD ORDER SWD-2464

This report includes the data and analysis of surface injection pressure, treated acid gas (TAG) temperature, tubing annular pressure, as well as down-hole injection pressure and temperature (i.e., "injection parameters") for the Independence AGI #1 and AGI #2 for Q3 2023. Injection parameter trends over this period demonstrate continued operational stability, excellent mechanical integrity of the AGI wells, and reliable storage capacity within the approved injection interval. During the Q3 period, both AGI #1 and AGI #2 were utilized for disposal with the majority of TAG being injected via the Independence AGI #1 well. Overall, TAG has been injected at an average rate of approximately 6.22 MMSCFD, which includes the combined injection volume of the Independence AGI #1 and AGI #2 wells.

Detailed analysis of all injection parameter trends demonstrates the AGI #1 and AGI #2 wells have operated normally and as intended during the Q3 period. Total TAG volume sequestered via injection has increased slightly (approx. 5% over the prior Q2 2023 period) and all AGI operating parameters have exhibited normal trends and behavior as anticipated in response to the operating conditions. These data are plotted in detail in the attached Figures 1-10 and clearly demonstrate the adequacy of the Siluro-Devonian injection reservoir to accommodate the current disposal needs of Piñon. The following average values represent the operational conditions for the wells (including shutdowns):

INDEPENDENCE AGI #1 (30-025-48081)

**Surface Measurements:** Avg. TAG Inj. Pressure: 2,313 psig, Avg. Annular Pressure: 644 psig, Avg. Pressure Differential: 1,669 psig, Avg. TAG Temperature: 153 °F, Avg. TAG Injection Rate: 2,431 barrels per day (approx. 4.33 MMSCFD at STP).

**Down-hole Measurements:** Average Bottom-hole Pressure: 7,724 psig, Average Bottom-hole Temperature: 180 °F.

INDEPENDENCE AGI #2 (30-025-49974)

**Surface Measurements:** Avg. TAG Inj. Pressure: 2,317 psig, Avg. Annular Pressure: 324 psig, Avg. Pressure Differential: 2,122 psig, Avg. TAG Temperature: 150 °F, Avg. TAG Injection Rate: 1,008 barrels per day (approx. 1.89 MMSCFD at STP).

**Down-hole Measurements:** Average Bottom-hole Pressure: 8,001 psig, Average Bottom-hole Temperature: 198 °F.

While both the Independence AGI #1 and AGI #2 wells were operated during the Q3 period, the AGI #1 injected at an average rate of 4.33 MMSCFD and continued to be the primary recipient of acid gas. The Independence AGI #2 was operated at an average rate of 1.89 MMSCFD. The analysis of Q3 injection parameter data for the AGI #1 confirms the well is operating normally, and bottom-hole pressure data exhibits trends of an adequately performing injection reservoir. Since commissioning of the AGI #2 well, in April 2023, bottom-hole pressure conditions have generally stabilized and exhibit expected trends in response to changes in flow rate, temperature, and surface injection pressure, which further demonstrates the Siluro-Devonian reservoir's ability to accommodate the disposal needs of the facility.

Mechanical integrity testing (MIT) and bradenhead testing (BHT) was successfully performed for the Independence AGI #1 and AGI #2 wells in July 2022 and October 2022, respectively. Annual MIT testing for the AGI wells for calendar year 2023 is currently scheduled to be completed on October 31, 2023. Following successful completion of these annual tests, a subsequent report of testing operations will be prepared and submitted for review and approval.

Generally, Independence AGI #1 and #2 have demonstrated excellent performance over the Q3 period, as demonstrated by all injection parameter trends (Figures 1-10). Data recorded exhibit the anticipated correlative behavior of annular pressure with the flow rate, injection pressure, and temperature, which confirms that the wells have good integrity and are functioning appropriately within the requirements of their respective NMOCC and NMOCD Orders. Furthermore, operating data clearly demonstrate that the Siluro-Devonian injection reservoir conditions are adequate in accommodating the current TAG disposal needs of the Piñon facility, as no indications of reservoir performance degradation have been observed.

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

SIGNATURE  TITLE Consultant to Piñon DATE 10/26/2023

Type or print name David A. White, P.G. E-mail address: dwhite@geolex.com PHONE: 505-842-8000

**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of Approval (if any): \_\_\_\_\_

FIGURE 1 - INDEPENDENCE AGI #1 AND AGI #2 INJECTION RATES WHILE OPERATING

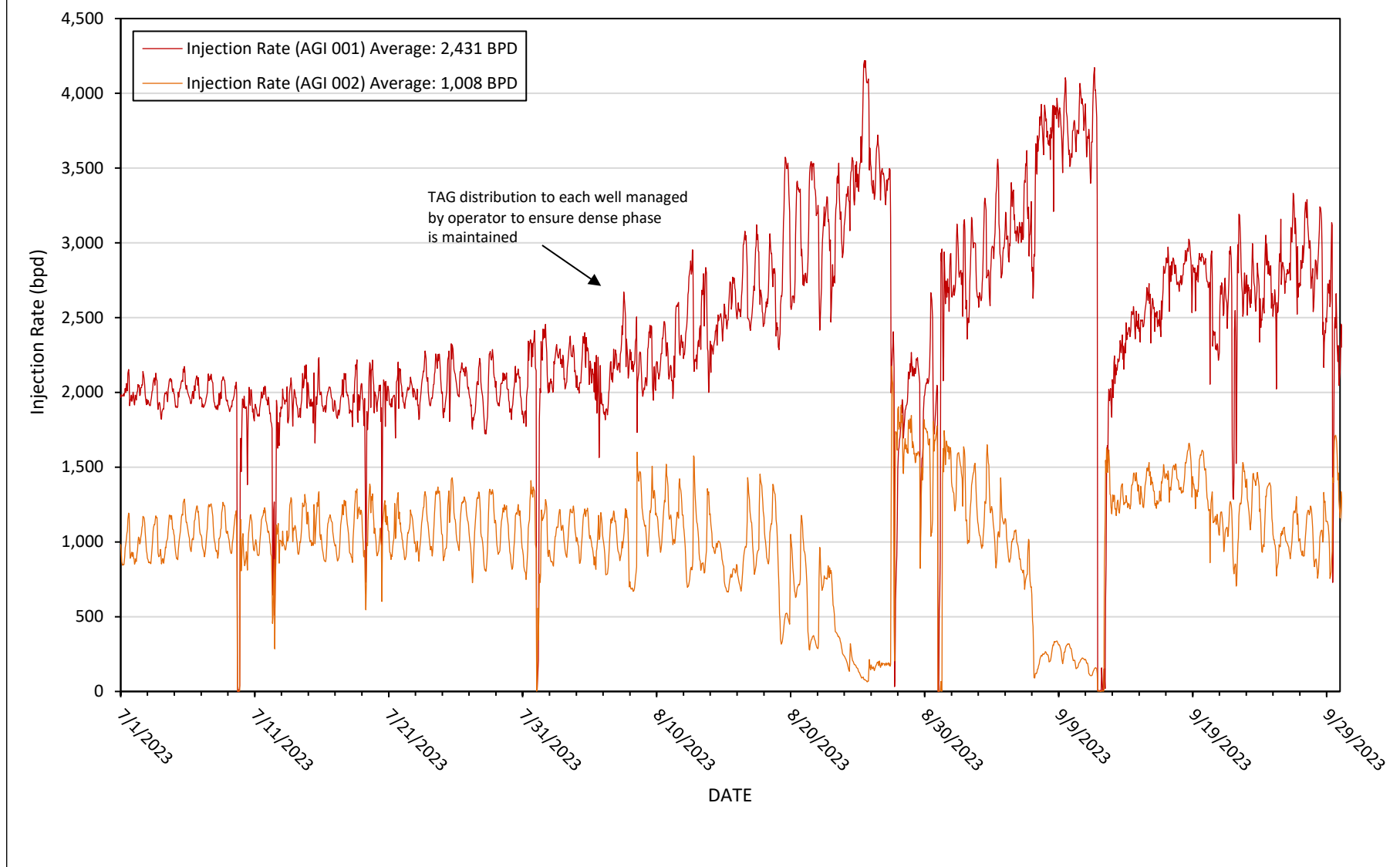


FIGURE 2. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE,  
ANNULAR PRESSURE, AND INJECTION RATE

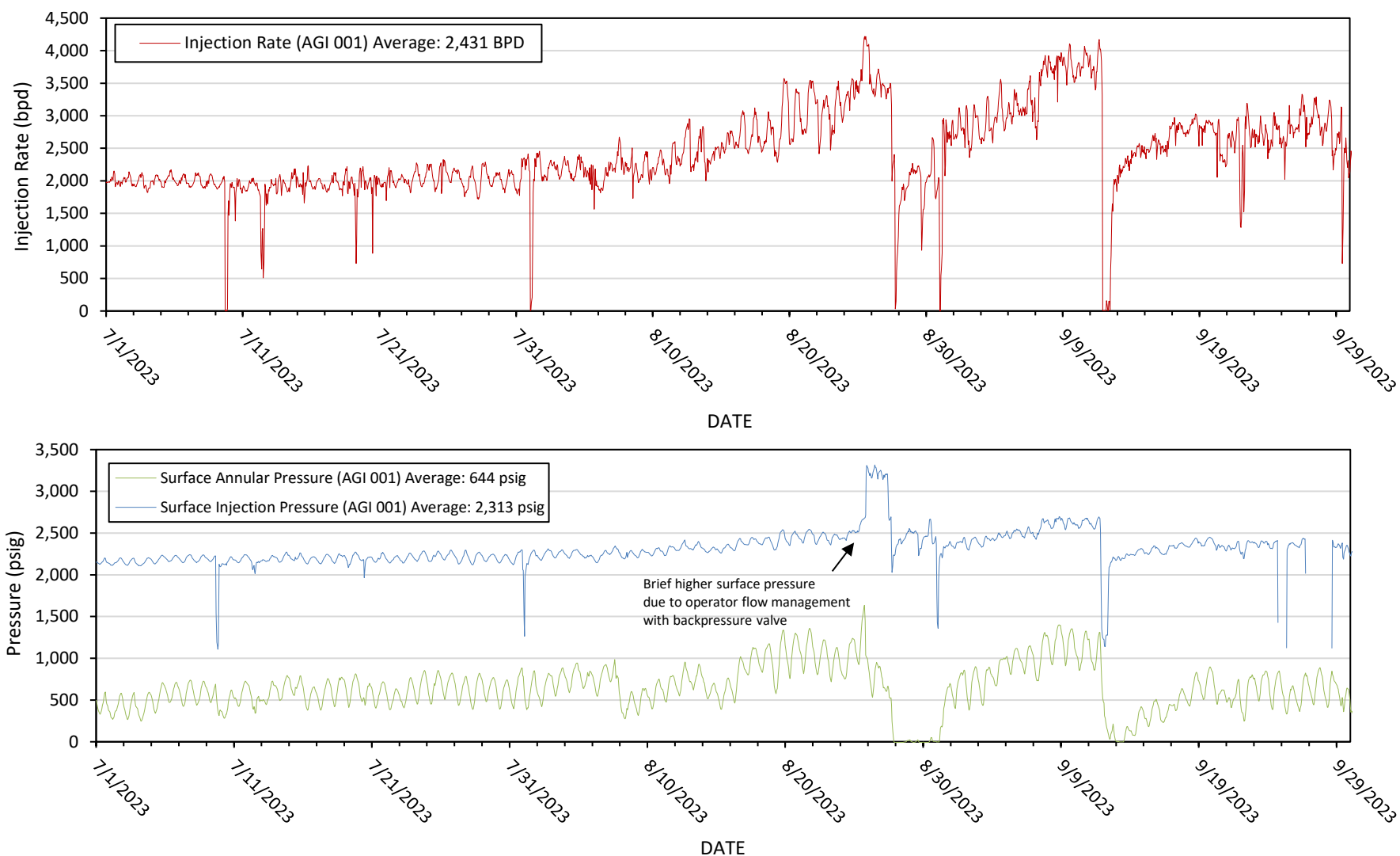


FIGURE 3. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

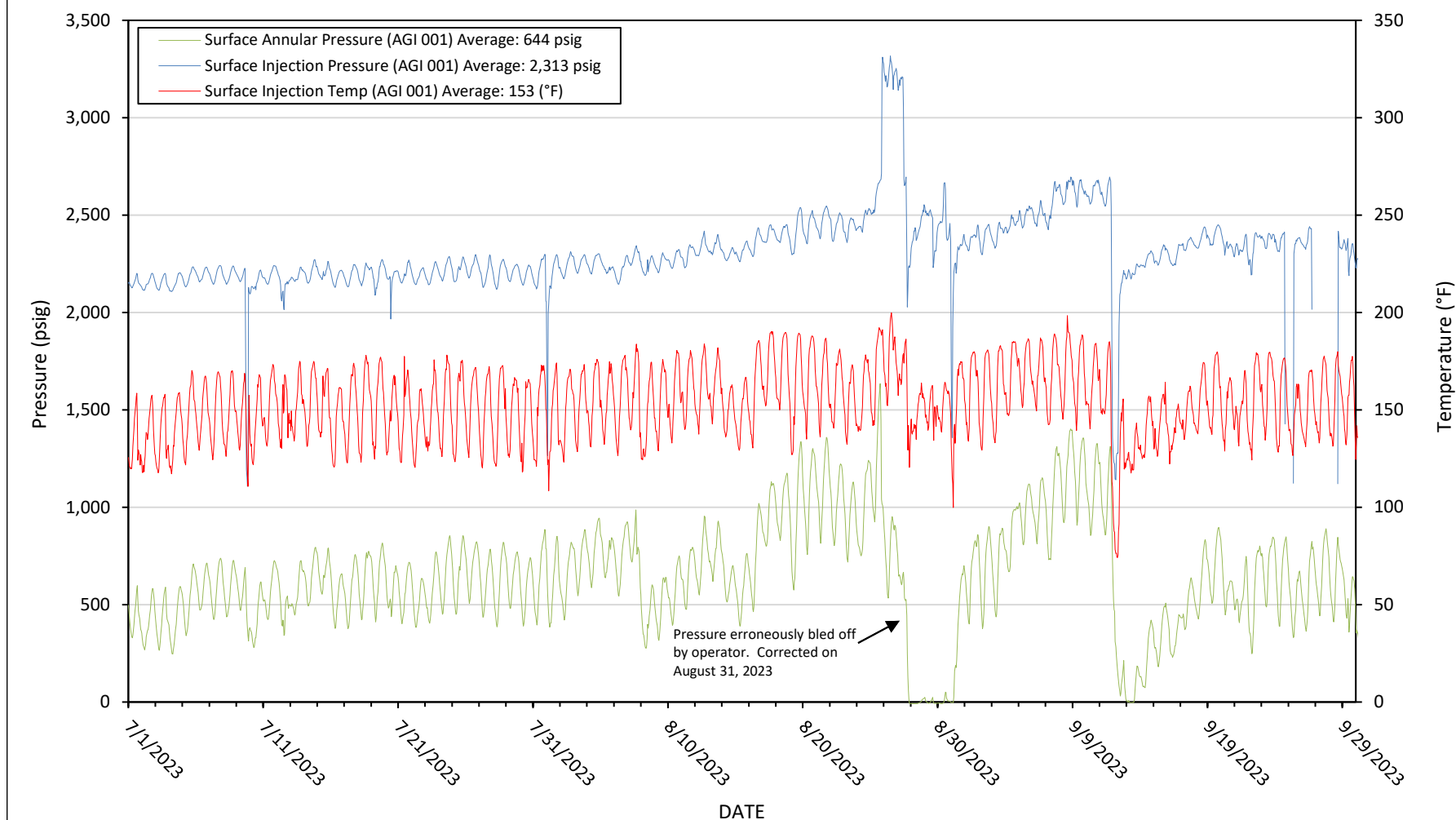


FIGURE 4. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE  
AND BOTTOM-HOLE PRESSURE

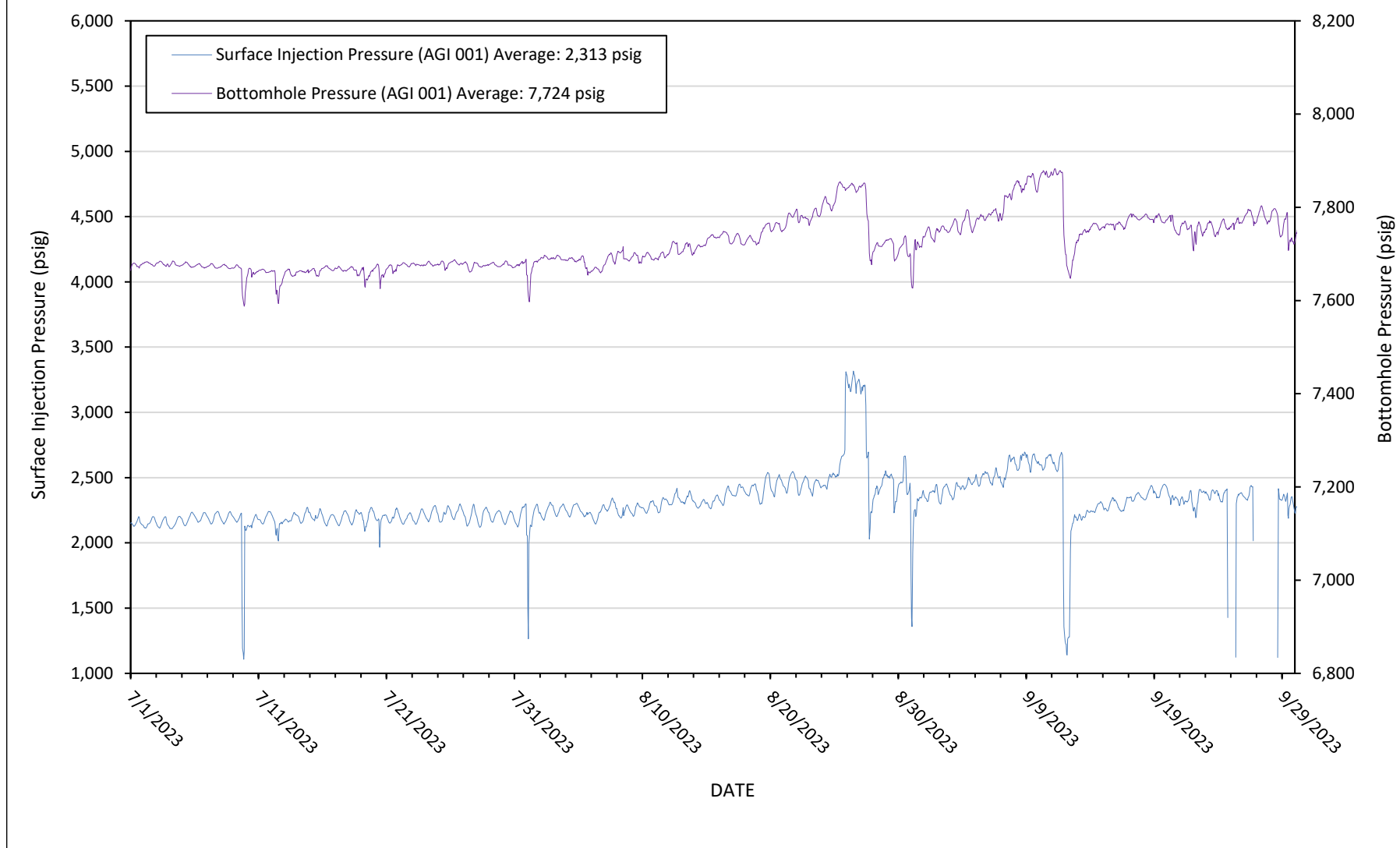


FIGURE 5. INDEPENDENCE AGI #1 BOTTOM-HOLE PRESSURE AND TEMPERATURE

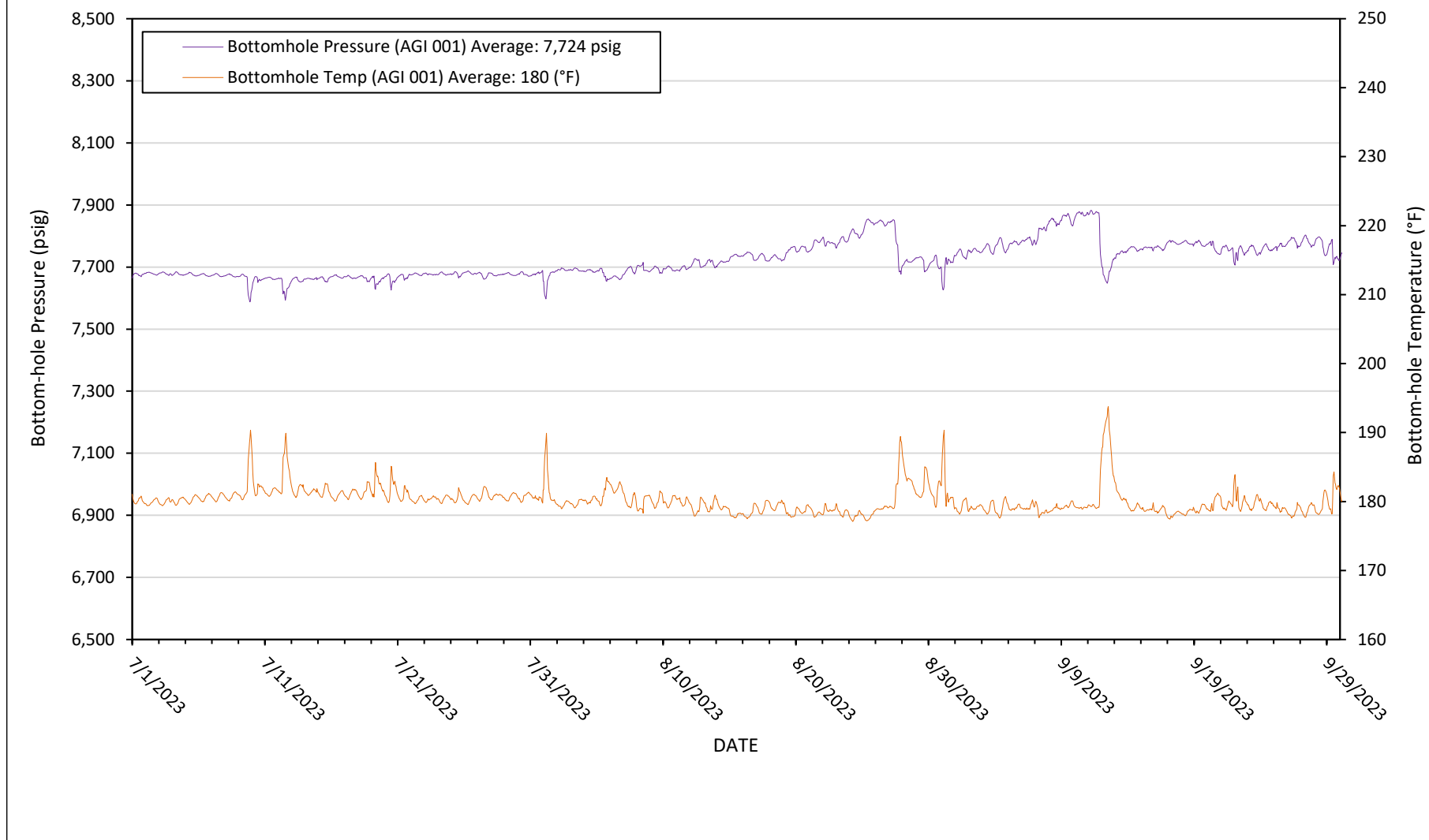


FIGURE 6. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE,  
ANNULAR PRESSURE, AND INJECTION RATE

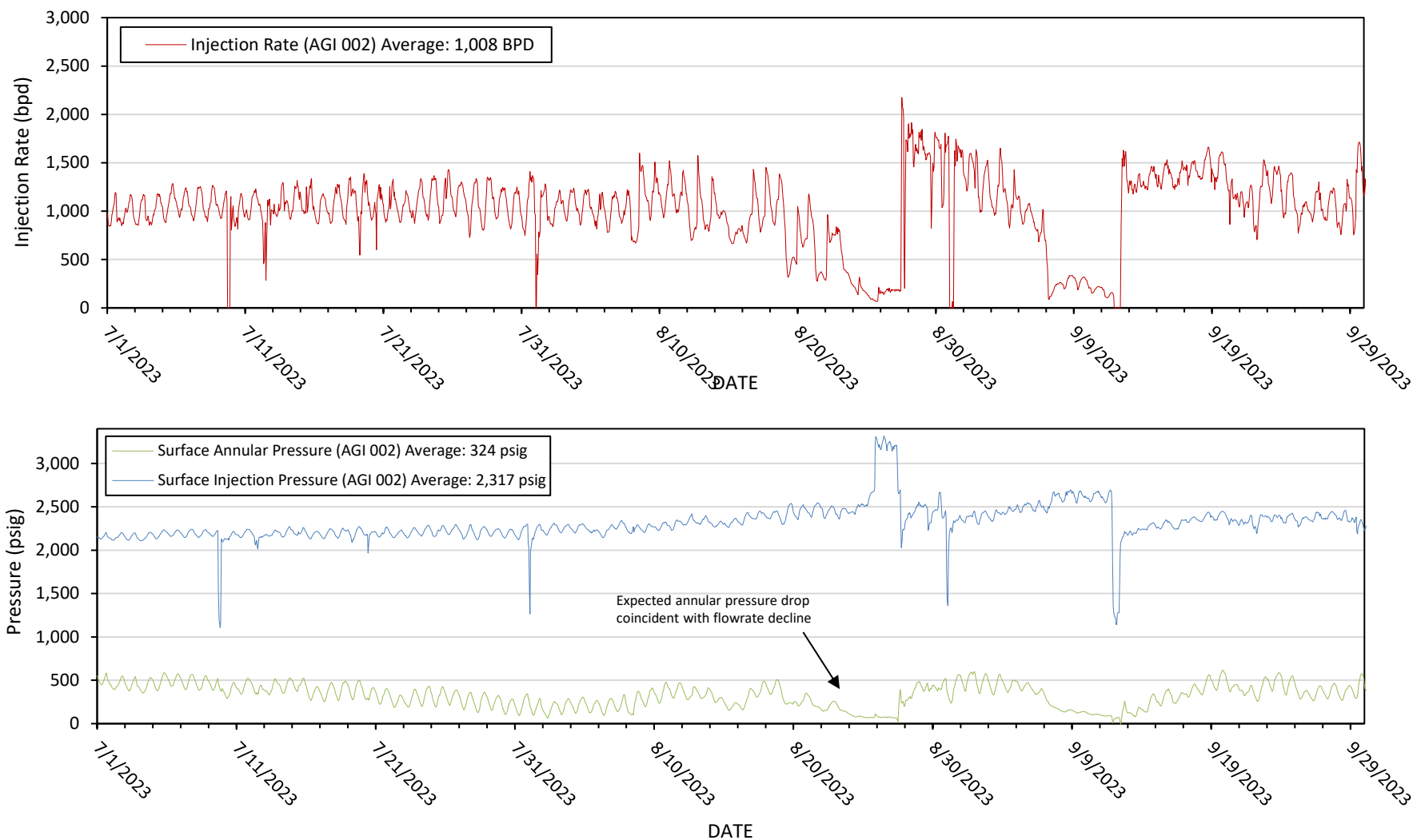




FIGURE 7. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

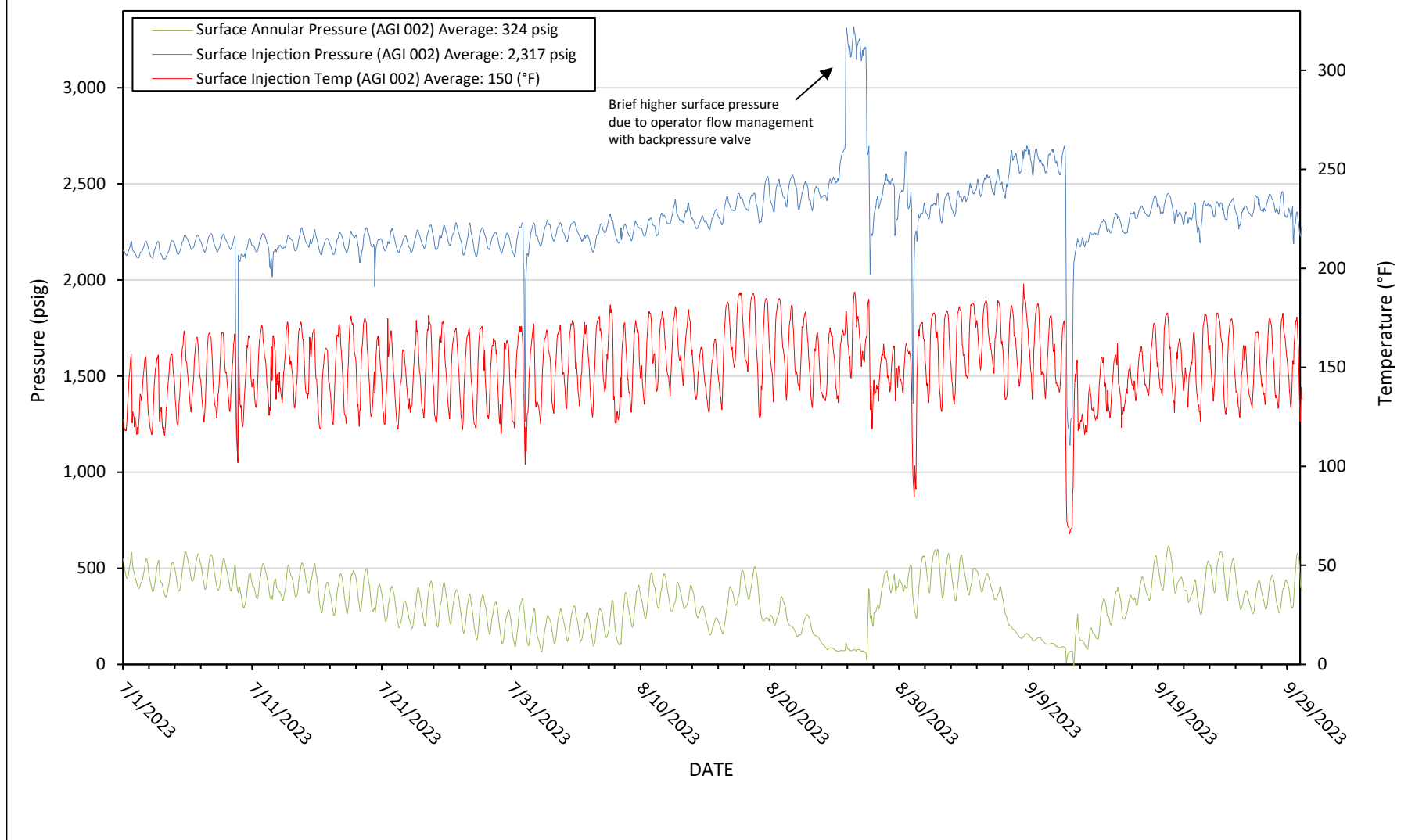


FIGURE 8. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE  
AND BOTTOM-HOLE PRESSURE

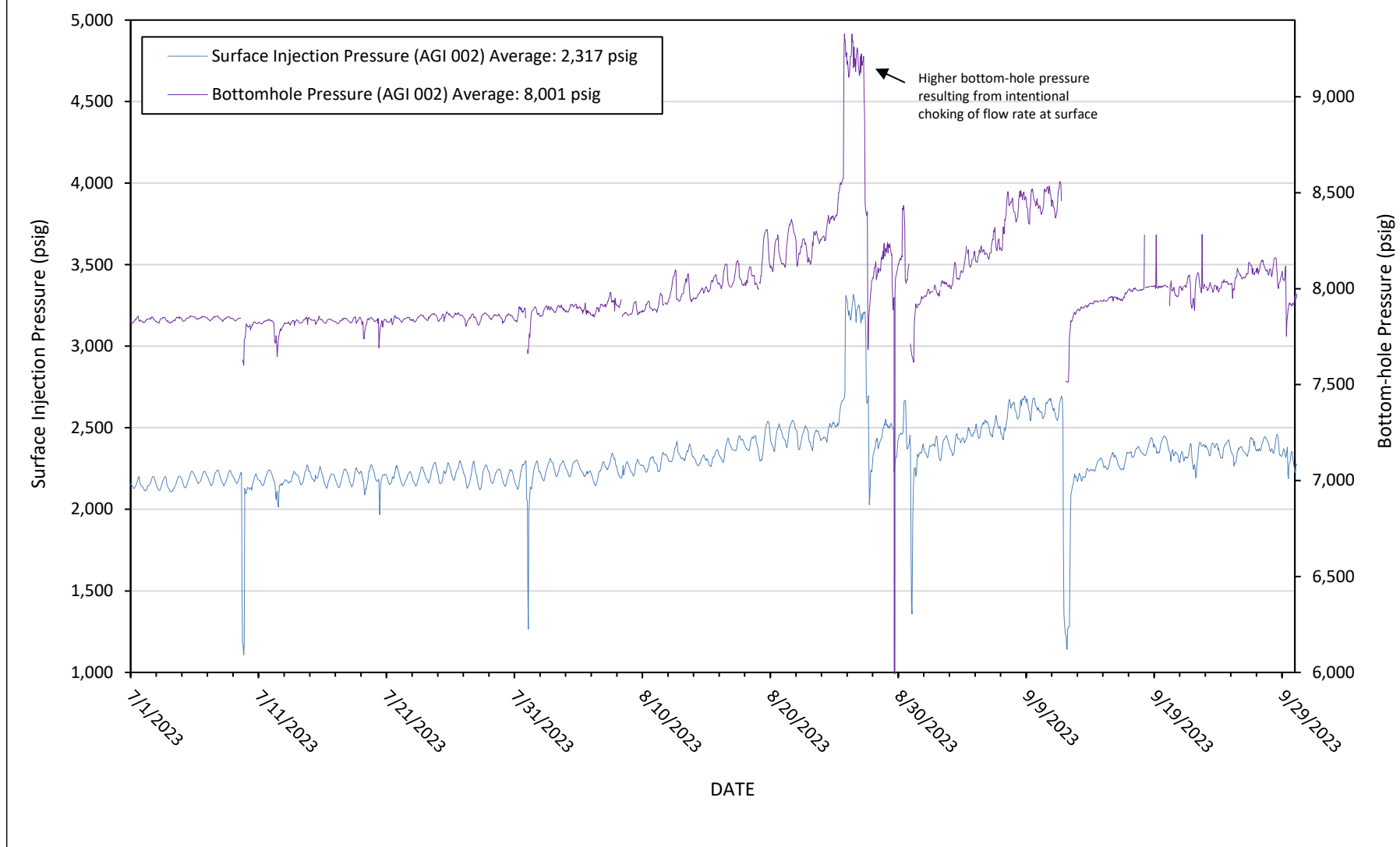


FIGURE 9. INDEPENDENCE AGI #2 BOTTOM-HOLE PRESSURE AND TEMPERATURE

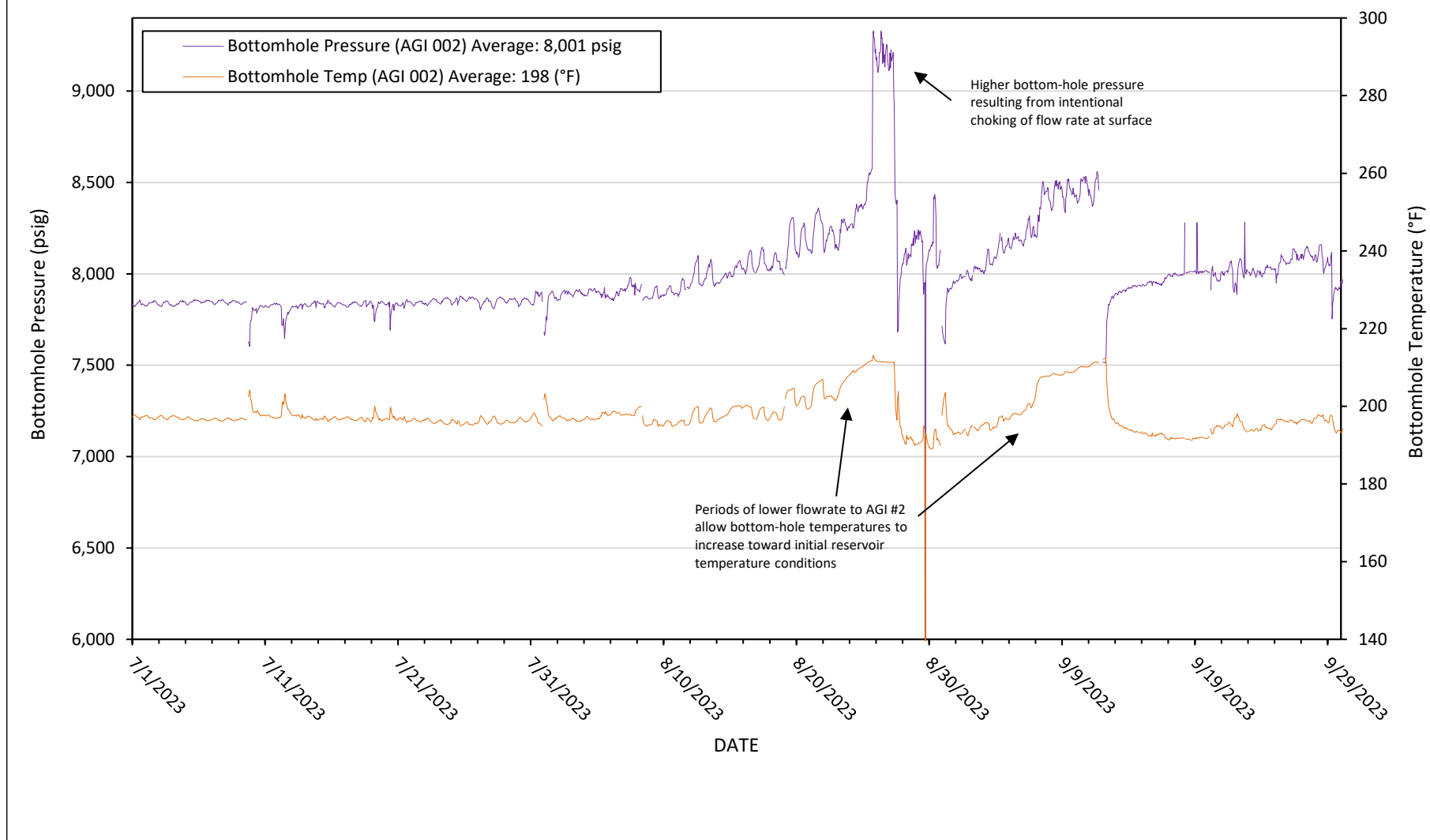
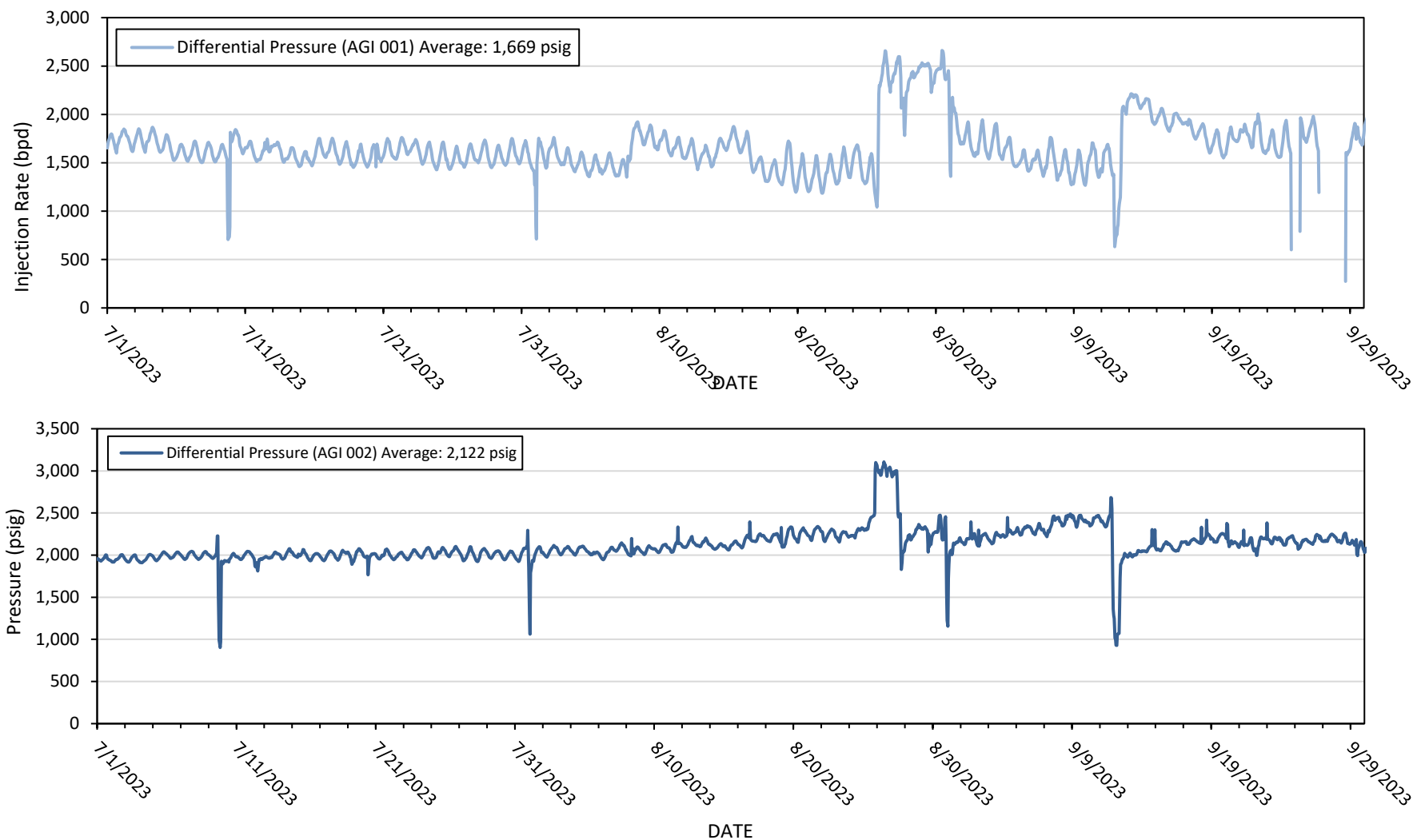


FIGURE 10. INDEPENDENCE AGI #1 AND AGI #2 DIFFERENTIAL PRESSURE

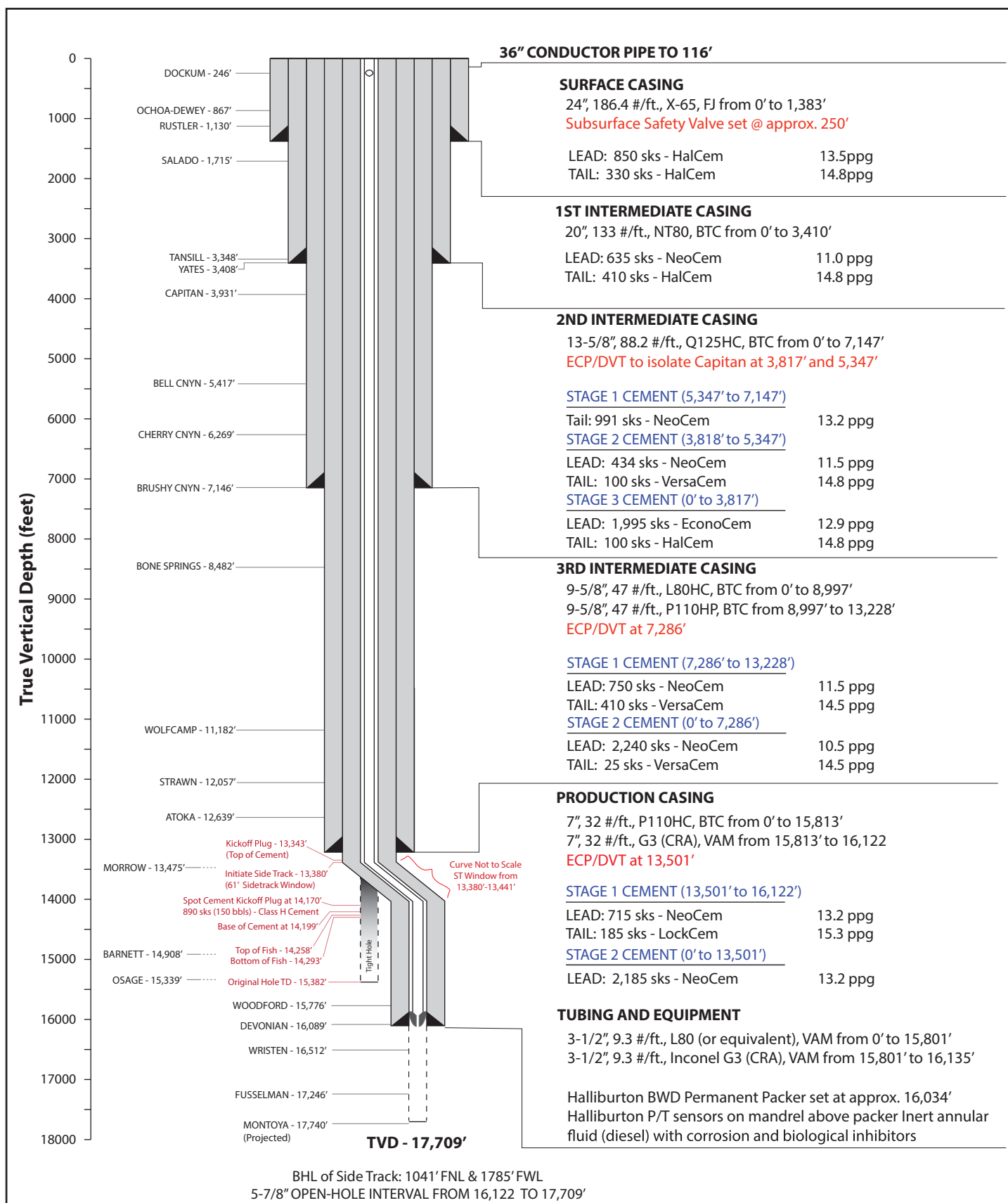


**INDEPENDENCE AGI #1**

UL C - S20 - T25S - R36E

API: 30-025-48081

Lat: 32.120855, Long: -103.291021

**GEOLEX**  
INCORPORATED

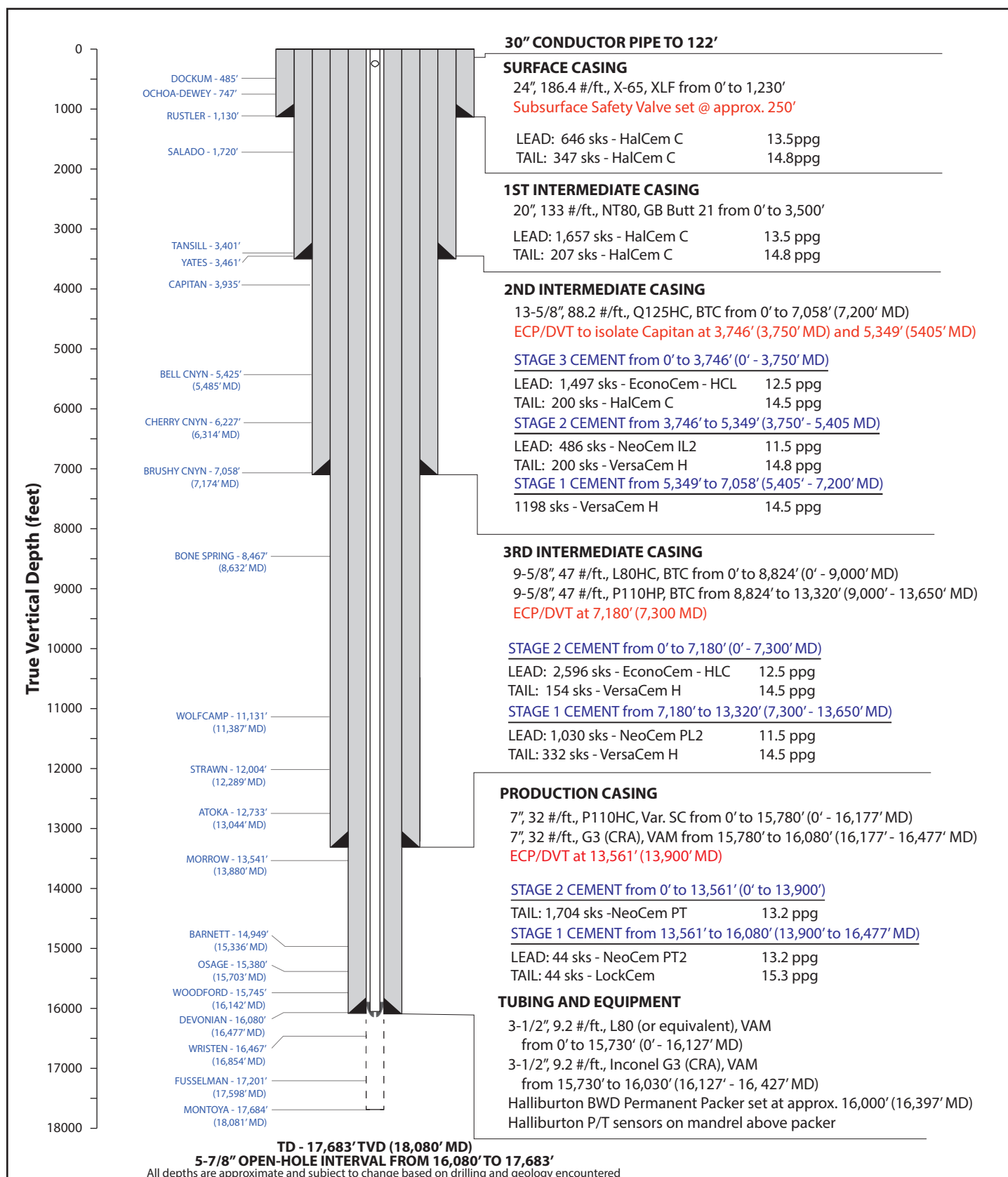
As-drilled well schematic consisting of a surface string of casing, three intermediate strings, and a production string with associating tubing/equipment and cement types. Original hole and sidetrack are shown.

**INDEPENDENCE AGI #2**

UL C - S20 - T25S - R36E

API: 30-025-49974

Lat: 32.1200628, Long: -103.2910251

**GEOLEX**  
INCORPORATED


Well design consisting of a surface string of casing, three intermediate strings, and a production string with associating tubing/equipment and cement types

10/12/2020

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State of New Mexico  
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Santa Fe, NM 87505

CONDITIONS  
  
Action 287156

CONDITIONS

Operator: Pinon Midstream LLC 465 W. NM Highway 128 Jal, NM 88252	OGRID: 330718
	Action Number: 287156
	Action Type: [C-103] Sub. General Sundry (C-103Z)

CONDITIONS

Created By	Condition	Condition Date
mgebremichael	None	1/9/2024