

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION**

**APPLICATION OF PINON MIDSTREAM, LLC TO  
AMEND COMMISSION ORDER NO.  
R-21455-B/SWD-2464 TO INCREASE THE SHARED  
MAXIMUM DAILY INJECTION RATE FOR THE  
INDEPENDENCE AGI #1 AND #2 WELLS,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_  
COMMISSION ORDER NO. R-21455-B**

**APPLICATION**

Pinon Midstream, LLC (“Piñon”) (OGRID 330718) through its undersigned attorneys, hereby makes application to the Oil Conservation Commission pursuant to the provisions of NMSA 1978, Sections 70-2-11 and 70-2-12 and 19.15.4.20.B NMAC, to amend Commission Order No. R-21455-B/SWD-2464 to increase the maximum daily injection rate of treated acid gas (“TAG”) for disposal through its Independence AGI #1 and #2 wells from 20 MMSCFD to 28.5 MMSCFD. In support of this application, Piñon states as follows:

1. The Independence AGI #1 well (API No. 30-025-48081) is an existing vertical well with a surface and bottom hole location approximately 829 feet from the north line and 1,443 feet from the west line (Unit C) of Section 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. It was originally approved by the Commission as an injection well for disposal of TAG under Commission Order No. R-21455-A in Case No. 21381.
2. Commission Order No. R-21455-A authorized a maximum daily injection rate of 12 MMSCFD into the target injection interval within the Devonian and Silurian formations from a depth of approximately 16,230 to 17,900 feet deep with a maximum surface injection pressure

of 4,779 psig. Independence AGI #1 was commissioned and placed into service in September 2021.

3. Order R-21445-A also required a second acid gas injection (“AGI”) well to be approved and capable of receiving volumes of TAG “equal to or greater than the volumes approved for injection into” the Independence AGI #1. *See* Order No. R-21455-A, ¶ 18.

4. Under the terms of Order No. R-21455-A, Piñon timely filed an administrative C-108 application for a redundant AGI injection well, the Independence AGI #2 well (API No. 30-025-49974). The Division approved the application under Order SWD-2464.

5. The Independence AGI #2 is a deviated well with a surface location approximately 1,110 feet from the north line and 1,443 feet from the west line (Unit C) and a bottom hole location approximately 1,080 feet from the south line and 1,978 feet from the west line (Unit N) in Section 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. It injects into the same target reservoir as the Independence AGI #1 well, from approximately 16,080 to 17,683 feet deep within the Devonian and Silurian formations with a maximum surface injection pressure of 5,005 psig.

6. Order No. R-21455-B authorizes Piñon to inject a shared maximum of 20 MMSCFD of TAG into either or both Independence AGI #1 and Independence AGI #2. *See* Order R-21455-B, decretal ¶ 1.

7. The Independence AGI wells serve Piñon’s Dark Horse Treating Facility, which is experiencing increasing demand for sour gas processing and disposal. In planning for this increased demand, Piñon has (i) secured a New Source Review air permit from the New Mexico Environment Department authorizing the construction of several additional amine treating units at the Dark Horse Treating Facility, and (ii) developed and initiated a facility improvement

schedule for the Dark Horse Treating Facility that will increase the sour-gas treatment capacity and result in the need for up to 22.5 MMSCFD of TAG disposal as soon as Q2 2025 and 28.5 MMSCFD as soon as Q2 2026.

8. Accordingly, Piñon seeks authority to increase the total maximum injection rate of TAG that may be injected into either or both Independence AGI wells from 20 MMSCFD to 28.5 MMSCFD.

9. A complete C-108 Amendment Application providing the information and analyses in support of this request is attached as **Exhibit A**.

10. Approving this application authorizing an increase in the shared injection rate between the Independence AGI #1 and Independence AGI #2 to 28.5 MMSCFD will allow Piñon to meet increasing demands for sour gas disposal and avoid interruptions to development and production in the area.

11. Approval will prevent waste, protect correlative rights, and protect human health and the environment.

WHEREFORE, Piñon respectfully requests that this application be set for a hearing on the merits before the Oil Conservation Commission at the regularly scheduled Commission meeting on September 19, 2024, or at the earliest available setting and, after notice and hearing as required by law, the Commission amend Order No. R-21455-B and SWD-2464 to increase the maximum daily injection rate of TAG from 20 MMSCFD to 28.5 MMSCFD, and such further relief as may be deemed necessary and appropriate.

Respectfully submitted,

HOLLAND & HART LLP

By:  \_\_\_\_\_

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**ATTORNEYS FOR PINON MIDSTREAM,  
LLC**

**CASE NO. \_\_\_\_\_: Application of Pinon Midstream, LLC to Amend Commission Order No. R-21455-B/SWD-2464 to increase the shared maximum daily injection rate for the Independence AGI #1 and #2 Wells, Lea County, New Mexico.** Applicant in the above-styled cause seeks to amend Commission Order No. R-21455-B/SWD-2464 to increase the maximum daily injection rate of treated acid gas for disposal through the Independence AGI #1 and #2 wells from 20 MMSCFD to 28.5 MMSCFD. The **Independence AGI #1** well (API No. 30-025-48081) is an existing vertical well with a surface and bottom hole location approximately 829 feet from the north line and 1,443 feet from the west line (Unit C) of Section 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. It was approved to inject within the Devonian and Silurian formations from a depth of approximately 16,230 to 17,900 feet deep under Commission Order No. R-21455-A with a maximum surface injection pressure of 4,779 psig. The **Independence AGI #2** is a deviated well with a surface location approximately 1,110 feet from the north line and 1,443 feet from the west line (Unit C) and a bottom hole location approximately 1,080 feet from the south line and 1,978 feet from the west line (Unit N) in Section 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. It injects into the same target reservoir as the AGI #1 well, from approximately 16,080 to 17,683 feet deep within the Devonian and Silurian formations with a maximum surface injection pressure of 5,005 psig. Said area is located approximately 6 miles west of Jal, New Mexico.

# EXHIBIT A



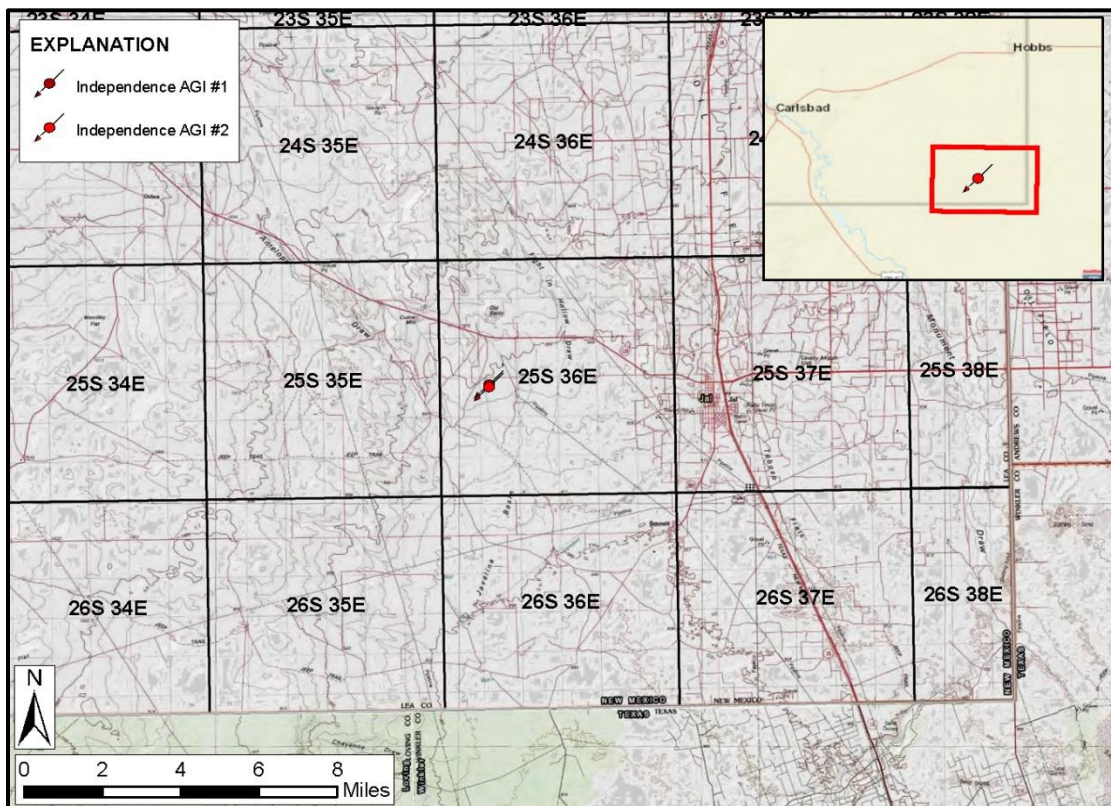
## APPLICATION TO AMEND EXISTING UIC CLASS II PERMIT

REQUEST TO INCREASE DAILY ALLOWABLE INJECTION VOLUME  
NMOCC ORDER R-21455 & NMOCD ORDER SWD-2464

Pinon Midstream, LLC (OGRID #330718)

Independence AGI #1  
API: 30-025-48081  
Surface Lat: 32.120835 (NAD83)  
Surface Long: -103.291025 (NAD83)

Independence AGI #2  
API: 30-025-49974  
Surface Lat: 32.120063 (NAD83)  
Surface Long: -103.291025 (NAD83)



June 2024

Prepared for:

Pinon Midstream, LLC  
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Prepared by:

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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL  
RESOURCES DEPARTMENT

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

FORM C-108  
Revised June 10, 2003

**APPLICATION FOR AUTHORIZATION TO INJECT**

I. PURPOSE: Secondary Recovery Pressure Maintenance  Disposal Storage  
Application qualifies for administrative approval? Yes  No

II. OPERATOR: Pinon Midstream, LLC [330718]

ADDRESS: 757 N. Eldridge Pkwy, Suite 1150, Houston, TX 77079

CONTACT PARTY: Patrick Westerheide PHONE: (713) 300-9300

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.  
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project?  Yes  No  
If yes, give the Division order number authorizing the project: NMOCC R-21455 (A-B) & NMOCD SWD-2464

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

**Section 5; Appendix A**

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

**Sections 1 & 5**

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected; **Sections 1, 2, 3, 4**
2. Whether the system is open or closed; **Sections 1, 2, 4**
3. Proposed average and maximum injection pressure; **Sections 1 & 3**
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, **Sections 1, 3, 4**
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.). **Sections 1, 3, 4**

\*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

**N/A - Amendment**

IX. Describe the proposed stimulation program, if any.

**N/A**

\*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

**N/A - Amendment**

\*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

**N/A - Amendment**

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

**Section 4**

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

**Appendix B**

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: David A. White, P.G. TITLE: Consultant to Piñon Midstream

SIGNATURE:  DATE: 6/24/2024

E-MAIL ADDRESS: dwhite@geolex.com

\* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted.

Please show the date and circumstances of the earlier submittal: NMOCC R-21455-(A,B) Approved 11/4/2020 & NMOCC SWD-2464 Approved 3/31/2022

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

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## 1.0 EXECUTIVE SUMMARY

On behalf of Pinon Midstream, LLC (OGRID #330718; “**Piñon**”), Geolex, Inc.® (“**Geolex**”) has prepared and is hereby submitting a complete C-108 Amendment Application seeking authorization to increase the shared daily allowable injection volume for the Independence AGI #1 (API: 30-025-48081; “**Independence AGI #1**”) and Independence AGI #2 (API: 30-025-49974; “**Independence AGI #2**”, and together with Independence AGI #1, the “**Independence AGI Wells**”) wells to 28.5 million standard cubic feet per day (MMSCFD), in order to meet the increasing demand for sour gas disposal in southeast New Mexico. Operation of the Independence AGI Wells is currently authorized by New Mexico Oil Conservation Commission (NMOCC) Order R-21455 and New Mexico Oil Conservation Division (NMOCD) Order SWD-2464. The wells are currently limited to a shared daily allowable injection volume of 20 MMSCFD.

In developing this C-108 amendment application, Piñon has prepared all relevant and typical amendment application components that address the primary issues that are the subject of this request, as well as all additional supporting documents required of this application. These generally include, but are not limited to, a detailed description of additional seismic survey analysis completed, updated reservoir modeling and injection simulation results, re-evaluation of the injection-induced seismicity risk, additional investigation of the Independence AGI #1 and Independence AGI #2 Areas of Review (“**AOR**”), and the review of land records and identification of all interested parties. All remaining typical C-108 application components can be found in the original applications, which were approved on November 4, 2020 (Independence AGI #1) and March 31, 2022 (Independence AGI #2) and are publicly available in NMOCD well records.

The need, and primary motivation, leading to Piñon’s request for additional injection capacity (up to 28.5 MMSCFD) comes in response to an increasing demand from oil and gas operators for sour-gas treatment services in the area of Piñon’s Dark Horse Treating Facility, and following additional geologic investigation and verification that the approved Siluro-Devonian injection reservoir is capable of meeting the additional treated acid gas (“**TAG**”) disposal needs of the area. In planning for this increased demand, Piñon has (i) secured a New Source Review (“**NSR**”) air permit from the New Mexico Environment Department permitting the construction of several additional amine treating units at the Dark Horse Treating Facility, and (ii) developed and initiated a facility improvement schedule for the Dark Horse Treating Facility that will increase the sour-gas treatment capacity of the Dark Horse Treating Facility and result in the need for up to 22.5 MMSCFD of TAG disposal as soon as Q2 2025 and 28.5 MMSCFD as soon as Q2 2026. Concurrent with the expansion of the sour-gas treatment capacity of the Dark Horse Treating Facility, this application has been prepared and submitted seeking approval to increase the daily allowable injection volume of the Independence AGI Wells, so that the TAG disposal capacity of the Independence AGI Wells can safely satisfy the growing sour-gas treatment needs of area oil and gas operators.

As it is critical to verify that the approved Siluro-Devonian injection reservoir can accommodate the requested 28.5 MMSCFD of TAG, within current operating pressure limitations, Piñon has completed additional geologic assessment, reservoir modeling, and injection simulation evaluations, which leverage new three dimensional (“**3D**”) seismic survey data. Detailed analysis of this data has allowed for a better characterization of the subsurface structure in the project area, and through seismic inversion analysis methods, has allowed for the development of a more accurate characterization of the Siluro-Devonian injection reservoir, with respect to porosity development and the interconnectivity of porous strata. Subsequent injection simulations completed to support this request incorporate history-matched operation of the Independence AGI Wells, to ensure modeled reservoir porosity and permeability characteristics accurately reproduce historic operating conditions, and clearly demonstrate that the approved Siluro-Devonian injection reservoir is capable of accommodating TAG injection up to 28.5 MMSCFD.

Injection operations via Independence AGI #1 were initially authorized on November 4, 2020, through the issuance of NMOCC Order R-21455. Independence AGI #1 was approved as an Underground Injection

Control (“UIC”) Class II injection well for the general purpose of permanently sequestering TAG containing hydrogen sulfide (“H<sub>2</sub>S”) and carbon dioxide (“CO<sub>2</sub>”) into deep geologic strata of the Siluro-Devonian. Independence AGI #1 was drilled as a vertical well at 829 feet from the north line (“FNL”) and 1,443 feet from the west line (“FWL”), in Section 20 of Township 25 South, Range 36 East (“T25S, R36E”). Independence AGI #1 is currently approved to inject up to 20 MMSCFD (shared with the redundant Independence AGI #2) at surface injection pressures not to exceed 4,779 psig. Independence AGI #1 was commissioned and placed in service in September 2021.

Pursuant to the redundant well requirements of NMOCC Order R-21455, an additional application was prepared and submitted for Independence AGI #2, which was approved on March 31, 2022, through the issuance of NMOCD Order SWD-2464. Independence AGI #2 was drilled as a deviated wellbore from a surface location at 1,110 FNL and 1,443 FWL, in Section 20 of T25S, R36E to a bottomhole location at 1,080 feet from the south line (“FSL”) and 1,978 feet FWL, within the same Section 20 of T25S, R36E. Daily allowable injection volume was limited to 20 MMSCFD (shared with Independence AGI #1) at surface injection pressures not to exceed 5,005 psig. Independence AGI #2 was commissioned and placed in service in April 2023.

Since the commissioning of the Independence AGI Wells, Piñon has maintained compliance with all requirements of NMOCC Order R-21455 and NMOCD Order SWD-2464 and operation of the Independence AGI Wells clearly demonstrates the approved Siluro-Devonian reservoir’s suitability for TAG disposal operations. Throughout their operation, Piñon and Geolex have continuously monitored and analyzed operating parameters, and conducted mechanical integrity testing operations, to ensure the integrity of the Independence AGI Wells and confirm normal and safe operating conditions.

In accordance with the results of additional geological analyses, informed by newly acquired 3D seismic survey data, reservoir modeling and injection simulations have been recompleted to better understand and forecast plume characteristics and the migration of the resultant TAG plume after thirty (30) years of injection operations. Following operation of the Independence AGI Wells at the proposed shared daily allowable injection volume of up to 28.5 MMSCFD, the resultant TAG plume would occupy an area of approximately 9.5 square miles and would extend a maximum of approximately two (2) miles from the Dark Horse Treating Facility. Gas saturation values are anticipated to range from 0 to 0.47 with diffuse concentrations (i.e., <10%) characterizing the plume margins.

In support of this amendment application, and in accordance with the results of additional geologic analysis, evaluation of the injection-induced seismicity risk has also been recompleted. Analysis to determine the risk for induced seismicity was completed utilizing the Stanford Center for Induced and Triggered Seismicity’s (SCITS) Fault Slip Potential (FSP) modeling package. While analysis of 3D seismic survey data has allowed for a more detailed characterization of faults within the project area, there are no features that exhibit offset sufficient to compromise the injection reservoir confining strata and there are no features predicted to be at risk for injection-induced slip in response to the proposed injection activities, which include operation of the Independence AGI Wells and additional offset saltwater disposal (“SWD”) wells. These results confirm the findings of prior induced-seismicity risk assessment activities, in that the operations of the Independence AGI Wells, as proposed, will not result in an increased risk for injection-induced fault slip in the area.

As the proposed increase of the maximum allowable daily allowable injection volume (up to 28.5 MMSCFD) reflects a significant change to the Independence AGI Well project, a re-evaluation of the Independence AGI Wells AOR was completed to ensure all oil and gas operators and interested parties (i.e., surface owners) have been identified and will be provided written notification of Piñon’s request and the associated NMOCC hearing to consider this matter.

In total, there are twenty-three (23) wells within the one (1) mile radius of the Independence AGI Wells AOR. Specific information relating to active and plugged wells is summarized in Appendix A and Figures 13 and 14. Of these wells, five (5) are active and four (4) are plugged. Additionally, there are 14 locations permitted, but have not yet been drilled or completed. Active wells commonly target Bone Springs and Wolfcamp formations overlying the approved Siluro-Devonian injection reservoir and vertically isolated by numerous geologic intervals of low porosity and low permeability strata. Within the one (1) mile AOR, two (2) wells penetrate the approved injection interval, including the active West Jal B Deep #1 SWD well (API: 30-025-25046; the “**West Jal B Deep #1**”) and the plugged West Jal Unit #1 well. As part of previously approved C-108 applications for the Independence AGI Wells, it has been demonstrated that the West Jal Unit #1 well has been properly plugged and is not anticipated to be adversely impacted by operation of the Independence AGI Wells.

In re-evaluating the Independence AGI #2 AOR, modified to reflect a one (1) mile buffer zone surrounding the surface and bottom-hole locations and Independence AGI #2’s deviation path, Piñon has completed a detailed review of Lea County, New Mexico land records to identify all operators, oil and gas lessees, and surface owners within a one (1) mile radius of the Independence AGI Wells. Section 5.0 of this application includes the results from that review. These parties will be provided with notice of the application and associated NMOCC hearing, as well as a complete copy of the amendment application, upon receiving a hearing date to consider this matter.

As the proposed modifications to NMOCC Order R-21455 and NMOCD Order SWD-2464 will ensure Piñon is able to meet the anticipated sour-gas disposal needs of local oil and gas operators, and thus, mitigate the potential for waste of natural resources, Piñon requests approval of this Form C-108 injection permit amendment application to increase the daily allowable injection volume, shared by the Independence AGI Wells, to 28.5 MMSCFD. As demonstrated by reservoir modeling and injection simulation case studies, no modification to the current maximum allowable operating pressure limitations is required, and as such, is not requested in this submittal.

## 2.0 INTRODUCTION AND REQUEST FOR AMENDMENT OF NMOCC ORDER R-21455 AND NMOCD ORDER SWD-2464

The completed NMOCD Form C-108 is included before the Table of Contents of this document and references appropriate sections where the data required to be submitted is included.

In submitting this amendment application, Piñon requests approval to amend the current daily allowable injection volume limitation that is shared by the Independence AGI Wells. As proposed, this would increase the daily allowable injection volume from 20 MMSCFD to 28.5 MMSCFD. No physical modifications or amendment of the currently approved surface injection pressure limitations for the Independence AGI Wells is being proposed. The Independence AGI Wells will continue to operate within their current maximum allowable operating pressures (MAOP) of 4,779 psig (Independence AGI #1) and 5,005 psig (Independence AGI #2).

Piñon's request to increase the daily allowable injection volume limitation for the Independence AGI Wells comes in response to an increasing demand for sour-gas treatment services from area oil and gas operators, which has steadily increased since commissioning of Independence AGI #1, in September 2021. Gas production forecasts indicate that Piñon customers will require approximately 22.5 MMSCFD of sour-gas treatment and disposal capacity as soon as Q2 2025 and 28.5 MMSCFD as soon as Q2 2026. To ensure the sour-gas treatment and disposal needs of local oil and gas operators can be met, and preventing the potential waste of natural resources, Piñon has (i) secured a NSR air permit from the New Mexico Environment Department permitting the construction of several additional amine treating units and (ii) developed and initiated a facility improvement schedule for its Dark Horse Treating Facility that will increase the sour-gas treatment capacity of the Dark Horse Treating Facility and result in the need for up to 22.5 MMSCFD of TAG disposal as soon as Q2 2025 and 28.5 MMSCFD as soon as Q2 2026. Concurrent with the expansion of the sour-gas treatment capacity of the Dark Horse Treating Facility, this application has been prepared and submitted seeking approval to increase the daily allowable injection volume of the Independence AGI Wells, so that the TAG disposal capacity of the Independence AGI Wells can safely satisfy the growing sour-gas treatment needs of area oil and gas operators.

In accordance with prior discussions and guidance provided by NMOCD UIC personnel, regarding amendment applications for currently approved AGI wells, this application has been developed as a request to amend NMOCC Order R-21455 and NMOCD Order SWD-2464, and includes specific application sections that address the issues that are the subject of this request for amendment, as well as select additional critical application components, which relate to interested parties, evaluation of the AOR and identification of potentially interested parties, updates to the geologic simulation model and the completion of additional cases studies, and a re-evaluation of the induced-seismicity risk assessment of the project area. The information is presented in the following sections:

- A detailed summary of the permitting history and approval conditions of the Independence AGI Wells, and a description of the Dark Horse Treating Facility, for which the Independence AGI Wells service (Section 3.0)
- A detailed description of additional geologic analyses completed which confirms the currently approved injection reservoir's (i.e., Siluro-Devonian) ability to accommodate the additional disposal needs of Piñon and local oil and gas operators, up to 28.5 MMSCFD (Section 3.0 and 4.0)
- Updated geologic model, injection simulation, and induced-seismicity risk assessment, in accordance with updated geologic evaluation (Section 4.0)

- Re-evaluation of the Independence AGI Wells AOR, modified to include the surface location and as-built Independence AGI #2 bottomhole location, and the identification of oil and gas wells, active operators, lessees, and surface owners within the AOR (Section 5.0)

In addition, this application includes the following supporting information:

- **Appendix A:** Information on wells within one (1) and two (2) miles of the surface location and bottomhole locations of each Independence AGI Well
- **Appendix B:** Summary of all interested parties identified and to be provided complete copies of the C-108 application and notified of the NMOCC hearing to consider this matter, example notification letters, and an example public notification

### **3.0 PERMITTING HISTORY OF THE INDEPENDENCE AGI WELLS AND DESCRIPTION OF THE DARK HORSE TREATING FACILITY, AND ADDITIONAL GEOLOGIC ANALYSIS**

The Dark Horse Treating Facility, constructed and operated by Piñon, is located in Section 20 of T25S, R36E, approximately six (6) miles west of Jal, New Mexico (Figures 1 and 2). The facility is supported by two (2) TAG injection wells, the Independence AGI #1 and Independence AGI #2, which are utilized to dispose of TAG (containing carbon dioxide and hydrogen sulfide) through injection into deep geologic reservoirs underlying local production intervals and not productive of oil and gas. In the following sections we provide a summary of the permitting history of the Independence AGI Wells, a description of the Dark Horse Treating Facility, and descriptions of additional geologic analysis completed in support of this application.

#### **3.1 PERMITTING HISTORY AND AUTHORIZATION FOR INJECTION (INDEPENDENCE AGI WELLS)**

The incorporation of AGI wells, as the primary method for handling TAG at the Dark Horse Treating Facility, began in September 2021 following the commissioning of Independence AGI #1. Authorization to construct and operate Independence AGI #1 was issued on November 4, 2021 (NMOCC Order R-21455), following technical and administrative review by NMOCD personnel and a public hearing before the NMOCC to consider the matter. As approved, Independence AGI #1 was authorized to inject up to a maximum of 12 MMSCFD at a surface injection pressure not to exceed 4,779 psig. Independence AGI #1 was successfully drilled and completed, as a vertical well, between late Q4 2020 and early Q3 2021.

In accordance with the redundant well requirements of NMOCC Order R-21455 (Special Condition 18), Piñon prepared and submitted for consideration a Form C-108 application to construct and operate Independence AGI #2, on November 4, 2021, in partial fulfillment of NMOCC's required project timeline. The primary purpose of Independence AGI #2 is to provide operational redundancy at the Dark Horse Treating Facility, in the event of planned or unplanned downtime of Independence AGI #1, and the secondary purpose to increase the allowable daily injection for the two-well AGI system to 20 MMSCFD. Following technical and administrative review, by NMOCD personnel, the application was approved on March 31, 2022, through the issuance of NMOCD Order SWD-2464, however, NMOCD determined that the requested increase to the daily volume limitation could not be authorized via the administrative process. The two-well AGI system was approved for construction and operation with a shared daily allowable injection volume of up to 12 MMSCFD. Independence AGI #2 was authorized to operate at a maximum allowable operating pressure of 5,005 psig.

In accordance with the approved C-108 redundant well application, Independence AGI #2 was drilled as a deviated well from a surface location at 1,110 FNL and 1,443 FWL, in Section 20, T25S, R36E, to a bottom-hole location at 1,080 FSL and 1,978 FWL, within the same Section 20 (Figure 2). Following construction activities, mechanical integrity testing was performed and witnessed by NMOCD, to confirm the adequacy of construction activities. Independence AGI #2 was commissioned and placed in service in April of 2023.

To consider Piñon's request to increase the shared daily allowable injection volume limitation for the Independence AGI Wells, up to 20 MMSCFD, a public hearing was held before the NMOCC, on September 8, 2022. In hearing, Piñon and their technical witnesses presented the results of geologic assessment of the project area, reservoir modeling and injection simulation studies, and induced-seismicity risk evaluation, which clearly demonstrated the approved Siluro-Devonian injection reservoir's ability to accommodate injection at the rate of 20 MMSCFD. Upon completion of the hearing, NMOCC approved Piñon's request and the associated NMOCC Order was issued on October 13, 2022, providing approval to inject a shared volume of up to 20 MMSCFD for the Independence AGI Wells.

Following approval and the commencement of injection activities via the Independence AGI Wells, the demand for sour-gas treatment services has continued to rise, and the Piñon facility is anticipated to require a TAG disposal capacity of up to 22.5 MMSCFD as soon as Q2 2025 and 28.5 MMSCFD as soon as Q2 2026, in order to meet the forecasted demands of local oil and gas operators, which forms the basis of Piñon's request to amend NMOCC Order R-21455 to allow an increased daily injection volume of 28.5 MMSCFD. In support of this request, and in accordance with related conditions of approval, Piñon has continued to refine geologic characterization models of the project area, completed routine analysis of injection well operating parameters and the Siluro-Devonian reservoir response to injection activities, and completed additional geologic modeling and simulation activities, which confirm the feasibility of the request and are further discussed in Section 4.0.

### 3.2 LOCATION OF THE DARK HORSE TREATING FACILITY AND INDEPENDENCE AGI WELLS

Figure 1 shows the general location of the Independence AGI Wells, approximately six (6) miles west of Jal, New Mexico. Figure 2 shows the location of the Dark Horse Treating Facility and surface- and bottom-hole locations of the Independence AGI #1 and Independence AGI #2, in Section 20 of T25S, R36E. Sour-gas treatment, compression, and injection process areas are generally located in the northwest areas of the facility property, in order to isolate these processes, avoid significant surface transmission of TAG, and minimize the potential risk to facility personnel. The Dark Horse Treating Facility and the Independence AGI Wells, including the surface and bottom-hole locations of the Independence AGI Wells, have been constructed and/or are located on approximately 320 acres, wholly owned by Piñon.

Specific geographic location coordinates for Independence AGI #1 and Independence AGI #2 are included below:

#### **Independence AGI #1**

Surface Location Latitude/Longitude (NAD83):	32.120835, -103.291025
Bottom-Hole Location Latitude/Longitude (NAD83):	32.120269, -103.289948

#### **Independence AGI #2**

Surface Location Latitude/Longitude (NAD83):	32.120063, -103.291025
Bottom-hole Location Latitude/Longitude (NAD83):	32.111575, -103.289295

As described previously, Independence AGI #1 was constructed as a vertical well from a surface location on the existing Dark Horse Treating Facility property. Independence AGI #2 was constructed as a deviated well from a surface location on the Dark Horse Treating Facility property to a bottom-hole location approximately 3,100 feet to the south-southeast. The wells were constructed utilizing five (5) telescoping strings of casing to ensure isolation of groundwater resources, oil and gas producing zones, and intervals of potential lost circulation and high-pressure conditions. Figures 3 and 4 include the as-built well schematic for Independence AGI #1 and Independence AGI #2, respectively.

### 3.3 ADDITIONAL GEOLOGIC ANALYSIS AND RESERVOIR CHARACTERIZATION IN SUPPORT OF THE C-108 APPLICATION

As described previously, Piñon has continued in their efforts to improve the analysis of subsurface geology in the area of the Dark Horse Treating Facility, as the demands of area oil and gas operators for sour-gas treatment and disposal have continued to increase since the commissioning of the Independence AGI Wells. As part of this analysis, Piñon has licensed 3D seismic survey data, and retained Geolex, for the purposes of (1) refining existing geologic interpretations and improving the understanding of porosity development and distribution within the approved Siluro-Devonian injection reservoir, (2) confirming and refining structural interpretations and fault identification, and (3) improving the accuracy of injection operations



forecasting (i.e., geo-modeling and simulation) and induced seismicity risk assessments, and (4) confirming the feasibility of injecting up to 28.5 MMSCFD of TAG through the Independence AGI Wells.

In refining the analysis of subsurface geology, Piñon has licensed approximately sixteen (16) square miles of 3D seismic survey data. Analysis, interpretation, and reprocessing of this data forms the basis in confirming the currently approved Siluro-Devonian injection reservoir's capability of accommodating the proposed additional disposal volume (up to 28.5 MMSCFD). Specifically, derivative information yielded from high-resolution seismic trace inversion methods, have allowed Piñon to more accurately characterize porosity development within the Siluro-Devonian injection reservoir. Being sourced from 3D seismic survey data, the result of this analysis provides critical information regarding not only porosity development, but also the vertical and lateral continuity and interconnectivity of porous strata.

From seismic survey analysis, significant porosity development produced from karst dissolution processes is apparent and is highly interconnected across the greater project. As anticipated, porosity development is most significant in the intervals of upper Devonian and Fusselman formation strata. Based on mapped acoustic impedance attributes, which are directly related to porosity within the injection reservoir, Siluro-Devonian porosity attributes were determined to range from less than 1% to approximately 15%, with an average porosity of 2.5%. Impedance attributes derived from high-resolution seismic trace inversion were transformed to porosity through direct correlation with log porosity, and the transform function was limited to maximum porosity measurements observed in wireline porosity logs.

Siluro-Devonian permeability characteristics were initially identified through review of available published literature inclusive of dolomite permeability core studies (Lucia et al., 1995), drill-stem test (DST) and injection reservoir testing data (collected following the drilling of Independence AGI #1 and Independence AGI #2), and well operating data. As will be discussed further in Section 4.0, history-matched injection simulations, which simulate the past operational periods of Independence AGI #1, Independence AGI #2, and nearby SWD wells, required minor upscaling of permeability values to accurately recreate observed operating data. Based on these observations and simulation results, Siluro-Devonian permeability attributes were identified to generally range from less than 1 mD to approximately 50 mD, with an average reservoir permeability of approximately 5 mD. As operation of the Independence AGI Wells continues, and subsequent history-matched reservoir simulations are completed in accordance with NMOCC Order R-21455, characterization of effective reservoir permeability attributes will continue to be further refined and improved.

In addition to providing a more accurate characterization of reservoir attributes, the analysis of additional seismic survey data yields a better understanding of subsurface faults and reservoir geometry within the project area. Figure 5 includes a map of fault features confirmed and identified through analysis of this data. Generally, patterns of faulting do not significantly differ from prior interpretations supporting the Independence AGI Wells, however, additional features were identified, and mapping of these features has been refined and improved. For all identified features, the magnitude of offset is less than the thickness of the Woodford Shale upper confining strata, and thus, does not compromise the ability to contain TAG within the permitting injection reservoir.

From our review and analysis of additional seismic survey data, an updated reservoir characterization model was developed to be utilized for injection simulation investigations to evaluate the feasibility of increasing the shared daily allowable injection volume of up to 28.5 MMSCFD, for the Independence AGI Wells. The results of these case simulations are discussed further in Section 4.0 and confirm the capability of the approved Siluro-Devonian injection reservoir in accommodating TAG injection volumes, as proposed and requested by Piñon.

## 4.0 UPDATED GEOLOGIC MODELING, SIMULATION, AND INDUCED SEISMICITY RISK ASSESSMENT

In preparing this application, which requests approval to increase the daily allowable injection volume shared by the Independence Wells, Piñon has recompleted reservoir characterization modeling, injection simulation, and induced seismicity risk evaluations in accordance with the updated and on-going assessment of local geology. These updates are described in the following pages and confirm the approved Siluro-Devonian reservoir's suitability for TAG disposal operations, at the volumes proposed by Piñon.

### 4.1 ACID GAS INJECTION MODELING

To simulate the proposed injection scenario and characterize the resultant TAG injection plume, after thirty (30) years of operation at the maximum daily injection rate (28.5 MMSCFD), Geolex collaborated with Sproule to develop a new reservoir characterization model and complete updated injection simulation, informed and incorporating the recently acquired seismic survey data and resultant mapped porosity attributes. This modeling evaluation was completed utilizing Schlumberger Petrel to construct a geologic simulation grid informed by available well log data and mapped seismic impedance attributes, which are directly related to porosity within the injection reservoir. Schlumberger's Eclipse platform was then utilized to complete simulations representative of the injection scenario proposed for the Independence AGI Wells (up to 28.5 MMSCFD).

The reservoir characterization model utilized to simulate operation of the Independence AGI Wells, at the proposed rate of 28.5 MMSCFD, is comprised of 292 simulation layers characterizing seven (7) discrete depth intervals identified within the Siluro-Devonian reservoir. In total, the model simulation grid is comprised of 3,497,576 cells. The simulation model includes nearby subsurface fault features, the existing Independence AGI #1 and Independence AGI #2 wells, and one active SWD well, the West Jal B Deep #1. West Jal B Deep #1 is located approximately one (1) mile northeast of Independence AGI #1 and is authorized for produced water disposal within the Siluro-Devonian injection reservoir (i.e., Devonian, Wristen, and Fusselman formations).

Porosity attributes within the reservoir characterization model are based on mapped acoustic impedance attributes, which directly relate to porosity within carbonate and dolomitic strata of the Siluro-Devonian injection reservoir. Impedance attributes derived from high-resolution seismic trace inversion were transformed to porosity through direct correlation with geophysical log porosity. While the distribution of model porosity was driven by mapped impedance attributes, the range of porosity values was limited to porosity measurements observed in wireline porosity logs. Utilizing this method, Siluro-Devonian reservoir porosity was determined to range from less than 1% to approximately 15%, with an average porosity of 2.5%. The distribution of porosity, by zone, is shown in Figure 6.

In defining permeability attributes within the reservoir characterization model, multiple data sources were utilized to identify baseline relationships between porosity and permeability, including injection reservoir test data (i.e., step-rate and fall-off testing activities), DST, injection well operating data, and published core-analysis data (e.g., Lucia et al., 1995). From this baseline, injection well history matching methods were utilized to further refine reservoir model permeability characteristics. Specifically, injection simulations were completed to replicate historic injection activities of Independence AGI #1, Independence AGI #2, and West Jal B Deep #1, the results of which, were utilized to calibrate permeability attributes of the reservoir model. For all case simulations and forecasts presented in support of this C-108 application, history matching of injection well operating data was completed, and simulations accurately and successfully replicate observed and documented operating conditions of Independence AGI #1 and Independence AGI #2 (from 2021 to Present). Permeability distribution, by zone, and the total model

permeability distribution is shown in Figure 7. Total model average permeability and porosity distributions are shown in Figure 8.

Table 1 below summarizes geologic model zones defined, zone thickness, and average model porosity and permeability, by zone.

Table 1. Summary of geologic model zone thickness and model porosity and permeability attributes

Zone #	Zone Top (ft. below Devonian)	Thickness (ft)	Avg. Porosity (%)	Avg. Permeability (mD)
1	0	93	3	14.4
2	93	204	3	1.2
3	296	87	3	1.5
4	384	584	2	2.1
5	968	183	1	4.6
6	1151	159	3	14.9
7	1310	131	2	4.9
All Zones	-	-	2.5	5

With the constructed geologic model, injection operations for the Independence AGI Wells and the nearby West Jal B Deep #1 were simulated (i.e., dynamic modeling) utilizing the Schlumberger Eclipse platform. Dynamic modeling was utilized to simulate injection of a mixed acid gas stream containing approximately H<sub>2</sub>S (30%) and CO<sub>2</sub> (70%) at a constant rate of 28.5 MMSCFD into the currently approved Siluro-Devonian injection reservoir. Reservoir pressure conditions initially reflect a normally pressured system (based on observations while drilling Independence AGI #1), however, the evolution of reservoir pressure is considered as all simulation cases include history matching of currently active injection wells in the area. To ensure a conservative estimate of plume size, the injection simulations do not consider acid gas dissolution into existing formation fluids.

In support of this C-108 application and Piñon's request to increase the daily allowable injection volume for the Independence AGI Wells, two dynamic model simulations are presented, which estimate the size and characteristics of the resultant TAG injection plume, following operation of the Independence AGI Wells, at a shared daily injection volume of up to 28.5 MMSCFD, and the nearby West Jal B Deep #1. Case 1 reflects injection well operations in a subsurface environment in which faults are fully transmissive of fluids, while Case 2 considers faults to be non-transmissive of fluids. From these simulation end members, conservative estimates of plume size and plume migration directions are identified.

The results of Case 1 and Case 2 injection simulations are illustrated in Figures 9 and 10, for transmissive and non-transmissive faults, respectively. In both cases, Piñon's anticipated facility improvement schedule was considered, and injection volumes were incrementally increased over a two (2) year period. Specifically, dynamic modeling (Case 1 and Case 2) commences with a history match period (from 2021 to present, and based on actual operating data), followed by one (1) year of injection at 13.5 MMSCFD, one (1) year of injection at 22.5 MMSCFD, and twenty-eight (28) years of injection at 28.5 MMSCFD. Following the thirty (30) year injection period, the resultant TAG plume is anticipated to occupy an area of approximately 9.5 square miles generally extending up to two (2) miles from the Dark Horse Treating Facility. For all case simulations, results indicate that injection operations, incrementally up to 28.5 MMSCFD over two (2) years, can be maintained for the complete simulation period. Furthermore, injection activities at the proposed daily rates are sustained with no modification or exceedance of currently approved MAOP limitations.

## 4.2 INDUCED SEISMICITY RISK ASSESSMENT UPDATES

In support of this request to amend NMOCC Order R-21455 and NMOCD Order SWD-2464, and in accordance with recent and on-going geologic analysis, we present updates to the evaluation of injection-induced seismicity risk. This evaluation now incorporates additional subsurface characterization resulting from the detailed analysis of 3D seismic survey data acquired by Piñon.

To evaluate the potential for seismic events in response to injected fluids, an induced seismicity risk assessment was conducted in the area of the active Independence AGI Wells. This assessment models the impact of five (5) proximal and distal injection wells, which have been identified within the greater project area (Table 3), over a thirty (30) year period and estimates the combined fault slip probability associated with the simulated FSP injection scenario. The analysis was completed utilizing the Stanford Center for Induced and Triggered Seismicity's (SCITS) Fault Slip Potential (FSP) modeling platform. While the results of reservoir modeling and simulation provide useful comparison data, the FSP assessment is fully independent of reservoir modeling and simulation activities discussed in Section 4.1.

Based on the detailed review of seismic survey data, Geolex identified 11 faults, located within approximately three (3) miles of the Independence AGI Wells and generally striking north to south and southwest to northeast (Figure 5). These features are generally located a significant distance from injection wells, with the exception of the Independence AGI Wells and the West Jal B Deep #1. Due to the low number of wells in relatively close proximity to these features and considering the relatively small injection volumes proposed for the Independence AGI Wells (approximately equivalent to 5,500 barrels per day), the Independence AGI Wells are not anticipated to contribute significantly to the risk for injection-induced fault slip. To verify these structures would not be adversely affected by operation of the Independence AGI Wells, as proposed, a model simulation was performed.

To calculate the fault slip probability in response to the activities of nearby injection wells, input parameters characterizing the local stress field, reservoir characteristics, subsurface features, and injected fluids are required. Updated parameters and their sources for this study are included in Table 1. Additionally, Table 2 details the injection volume characteristics and locations of the disposal wells modeled in the FSP injection scenario.

For this study, limitations of the FSP model required a conservative approach be taken in determining the probability of fault injection-induced fault slip. Specifically, the FSP model is only capable of considering a single set of fluid characteristics and this study aims to model injection operations that include SWD and TAG injection systems. To ensure a conservative estimate of risk, the Independence AGI Wells were simulated utilizing the fluid characteristics of an SWD well. This approach yields a more conservative model prediction as water displays greater density, dynamic viscosity, and is significantly less compressible than TAG.

Faults considered in this assessment are predicted by the FSP model to have very low potential for injection-induced slip and operation of the Independence AGI Wells, as proposed, does not contribute significantly to the estimate of risk. Figure 11 includes the results of FSP hydrologic modeling displaying the predicted pressure impacts of the FSP injection simulation, and Figure 12 includes the model-predicted probability of slip throughout the thirty (30) year injection period. Table 5 summarizes the predicted pressure change along each fault and includes the model-derived pressure conditions necessary to induce slip for each fault feature. Modeled pressure increases along faults, after thirty (30) years, fall sufficiently short of the required pressure to induce slip.

Table 2. Input parameters and source material for 2024 revised FSP simulations

Modeled Parameter	Input Value	Variability (+/-)	UOM	Source
<i>Stress</i>				
Vertical Stress Gradient	1.05	0.105	psi ft <sup>-1</sup>	Nearby well estimate
Max Horizontal Stress Direction	N75E	5	Deg.	Lund Snee & Zoback, 2018
Reference Depth	16,900		ft	Nearby well evaluation
Initial Res. Pressure Gradient	0.43	0.043	psi ft <sup>-1</sup>	Lund Snee & Zoback, 2018
A <sub>φ</sub> Parameter	0.6	0.06	-	Lund Snee & Zoback, 2018
Reference Friction Coefficient (μ)	0.6	0.06	-	Standard Value
<i>Hydrologic</i>				
Aquifer Thickness	1,441	100	ft	Nearby well evaluation
Porosity	2.5	0.25	%	Nearby well evaluation
Permeability	5	0.50	mD	Nearby well evaluation
<i>Material properties</i>				
Density (Water)	1040	40	kg m <sup>-3</sup>	Standard Value
Dynamic Viscosity (Water)	0.0008	0.0001	Pa.s	Standard Value
Fluid Compressibility (water)	3.6 x 10 <sup>-10</sup>	0	Pa <sup>-1</sup>	Standard Value
Rock Compressibility	1.08 x 10 <sup>-9</sup>	0	Pa <sup>-1</sup>	Standard Value
<i>Acid gas @ 236 °F, 7,837 psi</i>				
Density	818.18	-	kg m <sup>-3</sup>	AQUALibrium™
Dynamic Viscosity	0.0000806	-	Pa.s	AQUALibrium™

Table 3. Location and characteristics of injection wells identified in greater project area and modeled in FSP assessment

#	API	Well Name	Latitude	Longitude	Volume (bbls/day)	Start (year)	End (year)
1	30-025-48081	Independence AGI #1	32.120855	-103.291021	5,500	2021	2055
2	30-025-49974	Independence Fee AGI #2	32.111454	-103.288812	5,500	2023	2055
3	30-025-25046	West Jal B Deep #1	32.132091	-103.280708	30,000	2015	2055
4	30-025-27085	Jal N. Ranch SWD #1	32.139347	-103.203911	10,000	2017	2055
5	30-025-43360	Kimberly SWD #1	32.083537	-103.194274	20,000	2019	2055

Daily maximum injection volumes utilized in the FSP model range from 5,500 to 30,000 barrels (bbls) per day (Table 4). The existing Independence AGI Wells and additional SWD wells within the greater project area were simulated for a thirty (30) year operating period, as well as history matched for a period of nine (9) additional years to ensure the simulated results also considered the historical impact of injection wells that have been operating prior to time of this application. Figure 11 illustrates the model-predicted pressure

front, single well radial solutions, and the predicted pressure change at fault midpoints and Figure 12 shows the model-predicted fault slip potential throughout the simulation period. All wells included in the simulation are assumed to inject at their maximum daily capacity, in order to yield a more conservative model prediction that ensures the impact of the Independence AGI Wells, at the proposed shared daily allowable injection volume of up to 28.5 MMSCFD, will not pose an increased risk of induced seismicity. The predicted pressure change along each fault segment, model-derived pressure change required to induce slip, and the model-predicted fault slip probability are included in Table 4 below.

Table 4. Summary of model-simulation results showing the required pressure change to induce fault slip, actual pressure change as predicted by the FSP model, and probability of slip at the end of the thirty (30) year injection scenario.

<b>Fault #</b>	<b>Δ Pressure necessary to induce fault slip</b>	<b>Actual Δ Pressure at fault midpoint at year 2055</b>	<b>Fault Slip Potential at year 2055</b>
1	1,090	306	0.0
2	1429	327	0.0
3	1081	344	0.0
4	1090	429	0.0
5	1238	473	0.06
6	1098	508	0.04
7	1237	446	0.0
8	1282	402	0.02
9	1352	364	0.01
10	1784	334	0.0
11	2658	276	0.0
12	1260	240	0.0
13	1545	215	0.0
14	1124	192	0.0
15	1500	208	0.0
16	1204	227	0.0
17	1401	247	0.0
18	1160	268	0.0
19	3919	365	0.0
20	1358	353	0.01
21	6498	335	0.0
22	5195	355	0.0
23	1742	433	0.0
24	3283	387	0.0
25	6063	700	0.0
26	2429	744	0.0
27	4097	647	0.0
28	1508	440	0.03
29	1733	404	0.0
30	4348	350	0.0
31	6939	290	0.0

In summary, no structures included in the FSP evaluation are expected to experience any significant risk for injection-induced slip, as a result of the proposed operation of the Independence AGI Wells at a maximum daily injection rate of 28.5 MMSCFD. Modeled pressure increases along faults fall adequately short of the required pressure increase to induce slip and radial pressure solutions calculated for each simulated injection well illustrates that the operation of Independence AGI Wells, as proposed, will have little impact on conditions near faults in the area.

## 5.0 RE-EVALUATION OF THE INDEPENDENCE AGI # 1 AND #2 AREAS OF REVIEW

As Piñon's request to increase the daily allowable injection volume for the Independence AGI Wells, up to 28.5 MMSCFD, reflects a substantial change in operating conditions at the Dark Horse Treating Facility, re-evaluation of the Independence AGI #1 and Independence AGI #2 AORs was completed. This review is necessary to ensure all oil and gas operators and all interested parties have been identified, such that they can be provided notice of the NMOCC hearing to consider this matter and be provided complete copies of the C-108 application and request. Furthermore, re-evaluation of the Independence AGI Well's AORs is necessary to confirm that no new wells penetrating the injection reservoir have been drilled.

For the purposes of evaluating and identifying oil and gas activities, operators, and other interested parties within the project area of the Independence AGI Wells, the one (1) mile AOR is displayed as a one (1) mile buffer area around the surface and bottom-hole locations of each Independence AGI Well, and along the deviated wellbore path of Independence AGI #2.

### 5.1 OIL AND GAS WELLS ACTIVITIES IN THE ONE (1) MILE AREA OF REVIEW

Appendix A summarizes all NMOCD recorded wells within a one- and two-mile radius of the Independence AGI Wells. The location of these wells is illustrated in Figures 13 and 14, and include active, plugged, and permitted well locations.

In total, there are twenty-three (23) wells within the one (1) mile radius of the Independence AGI #1 and Independence AGI #2 AORs. Specific information relating to active and plugged wells is summarized in Appendix A and their locations are shown in Figure 13. Of these wells, five (5) are active and four (4) are plugged. Additionally, there are fourteen (14) locations permitted, but have not yet been drilled or completed. All wells within the one (1) mile area of review are summarized in Table A-1 (Appendix A). Active wells commonly target Bone Springs and Wolfcamp formations overlying the approved Siluro-Devonian injection reservoir.

Within two (2) miles of the Independence AGI Wells AORs, there are seventy-seven (77) wells (Appendix A, Figure 14, Table A-1). Of these, there are twenty-one (21) active wells, thirty-seven (37) permitted wells, and eleven (11) wells that have been plugged and abandoned.

There are two (2) wells within two (2) miles of the Independence AGI Wells AORs that penetrated the approved Siluro-Devonian injection reservoir (Table 5). These include the West Jal B Deep #1, an active SWD located approximately one (1) mile from Independence AGI #1. The well was drilled to a total depth of 18,945 feet and is permitted to inject through perforated intervals of Strawn through Fusselman geologic strata. Despite being granted approval for injection into the Devonian and Fusselman formations (approved June 2024), NMOCD records do not include documentation that perforation of these zones was completed. For the purposes of this application, and all supporting materials (i.e., reservoir modeling and simulation, fault-slip probability assessment, etc.), it was assumed that all injection from the West Jal B Deep #1 has and will occur in the Siluro-Devonian interval, to ensure conservative simulation results and estimates of risk. The remaining well penetrating the Siluro-Devonian injection reservoir is the West Jal Unit #1 well, which has been plugged and abandoned and is located approximately 0.67 mile from the surface location of Independence AGI #2. As part of previously approved C-108 applications for the Independence AGI Wells, it has been demonstrated that the West Jal Unit #1 well has been properly plugged and is not anticipated to be adversely impacted by operation of the Independence AGI Wells.



Table 5. Summary of wells penetrating the approved Siluro-Devonian injection reservoir within two (2) miles of the Independence AGI #1 and #2 wells.

API #	Well Name	Status/Type	Pool	Lat 83	Long 83	TVD
30-025-21172	WEST JAL UNIT #1	Plugged Oil	Strawn	32.1176	-103.2807	17,086
30-025-25046	WEST JAL B DEEP #1	Active SWD	Miss-Fuss.	32.1321	-103.2807	18,945

## 5.2 IDENTIFICATION AND REQUIRED NOTIFICATION OF OPERATORS, LESSEES, AND SURFACE OWNERS WITHIN THE AREA OF REVIEW

As part of this amendment application, a detailed review of land records was completed to obtain a list of all operators, oil and gas lessees, and surface owners within a one (1) mile radius of the existing Independence AGI Wells surface locations, bottom-hole locations, and the Independence AGI #2 deviated wellbore path. The results of this review are included summarized in Table B-1 (Appendix B) and location maps identifying surface ownership, active operators, and lessees are included in Figures 15 and 16.

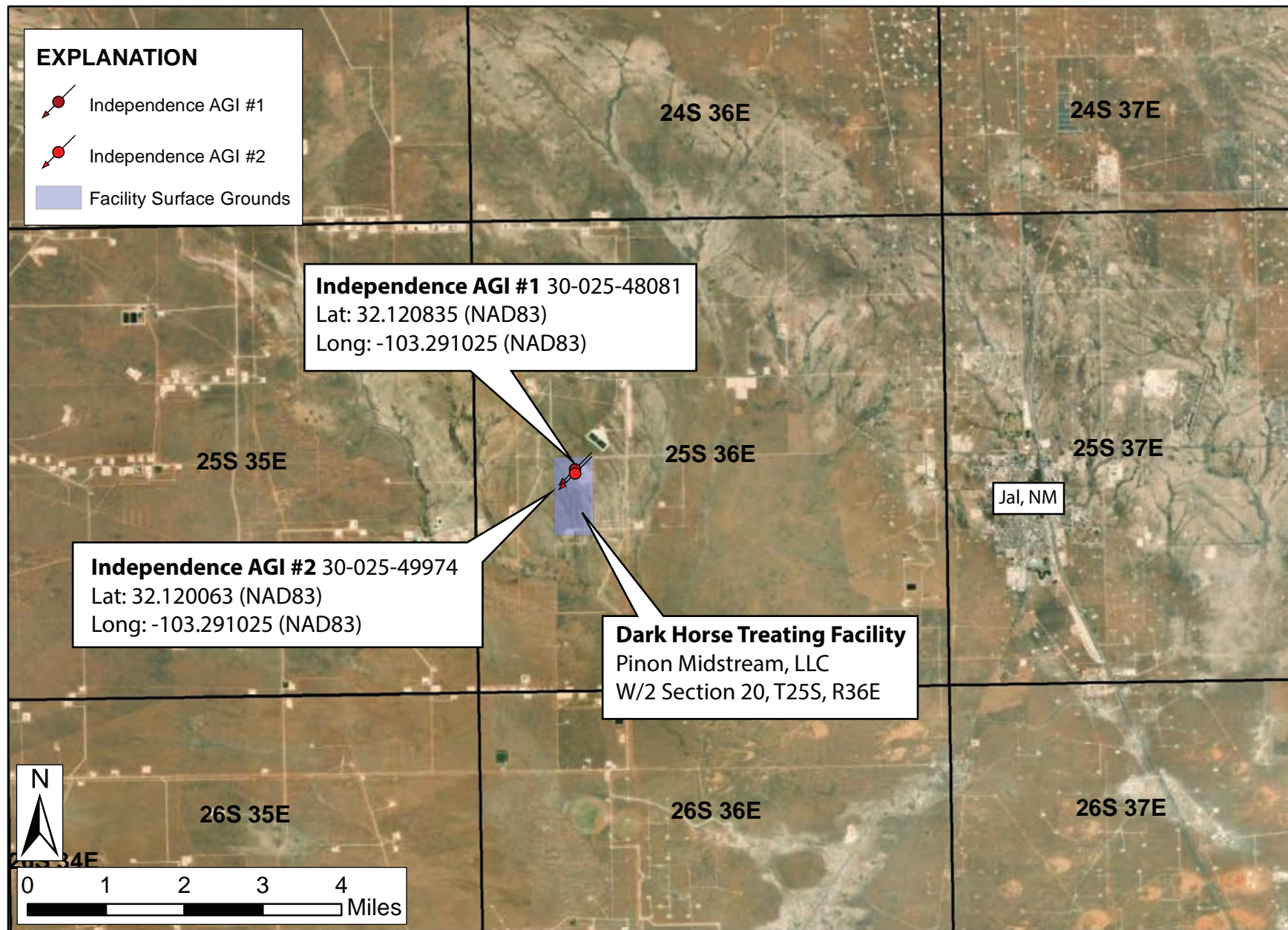
Upon issuance of an NMOCC hearing date to consider the matter of Piñon's request to amend Order R-21455 and SWD-2464, all interested parties will be provided written notice of the associated NMOCC hearing and will be provided complete copies of the Form C-108 Amendment Application. Appendix B includes an example notification letter that will be provided to interested parties, as well as an example public notice that may be utilized by Commission staff or published in local newspapers, as necessary.

## 6.0 PIÑON'S REQUEST OF THE NMOCC

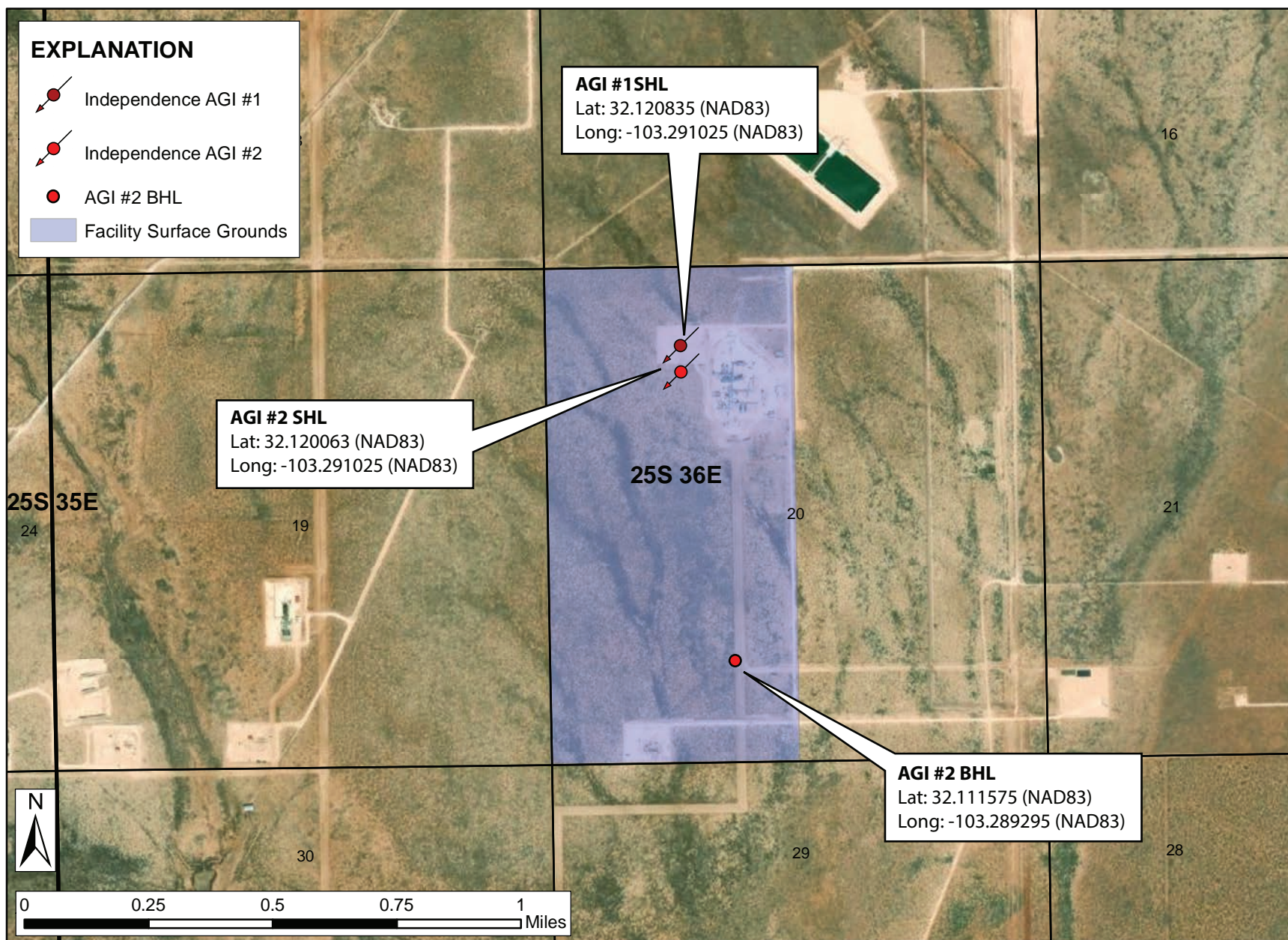
In submitting this C-108 application, Piñon seeks and requests approval to increase the daily allowable injection volume, shared by the Independence AGI #1 and Independence AGI #2, to 28.5 MMSCFD, through the amendment of NMOCC Order R-21455 and NMOCD Order SWD-2464. Currently, the Independence AGI Wells are authorized to inject a shared daily allowable injection volume of up to 20 MMSCFD.

As previously described, Piñon's request to increase the daily allowable injection volume for the Independence AGI Wells comes in response to an increasing demand for sour-gas treatment and disposal services from area oil and gas operators, which has steadily increased since commissioning of Independence AGI #1 at the Dark Horse Treating Facility in 2021. Gas production forecasts from area oil and gas operators indicate that Piñon customers will require approximately 22.5 MMSCFD of sour-gas treatment and disposal capacity as soon as Q2 2025 and 28.5 MMSCFD as soon as Q2 2026. To ensure the sour-gas treatment and disposal needs of local oil and gas operators can be met, Piñon has (i) secured a NSR air permit from the New Mexico Environment Department permitting the construction of additional amine treating units at the Dark Horse Treating Facility; (ii) developed and initiated a facility improvement schedule for the Dark Horse Treating Facility that will increase the sour-gas treatment capacity of the Dark Horse Treating Facility and result in the need for up to 22.5 MMSCFD of TAG disposal as soon as Q2 2025 and 28.5 MMSCFD as soon as Q2 2026; and (iii) prepared this application seeking additional TAG injection capacity. Approval of Piñon's request will ensure the needs of local oil and gas operators are met, reduce the potential for waste of natural resources, and ensure TAG disposal capacity is approved and available coincident with on-going facility improvements to increase sour-gas treatment capacity.

Through the results of geologic analysis leveraging 3D seismic survey data, reservoir modeling, and injection simulation activities, it is clear that the currently approved Siluro-Devonian injection reservoir is adequately capable of accommodating operation of the Independence AGI Wells at the increased rate of 28.5 MMSCFD. Furthermore, operation of the Independence AGI Wells, as proposed, is not predicted to produce an elevated risk for injection-induced seismicity in the project area. As such, Piñon respectfully requests approval of this application and authorization to operate the Independence AGI Wells at a shared daily allowable injection volume of up to 28.5 MMSCFD.



**Figure 1.** General location map for the Independence AGI #1 and Independence AGI #2 in Section 20, (T25S, R36E), approximately six (6) miles west of Jal, New Mexico.



**Figure 2.** Aerial photographic location map showing the Pinon Dark Horse Treating Facility, surface locations of the Independence AGI Wells, and the bottom-hole location of Independence AGI #2.



**INDEPENDENCE AGI #1**  
 API: 30-025-48081  
 Lat/Long NAD83: 32.1208351, -103.2910252

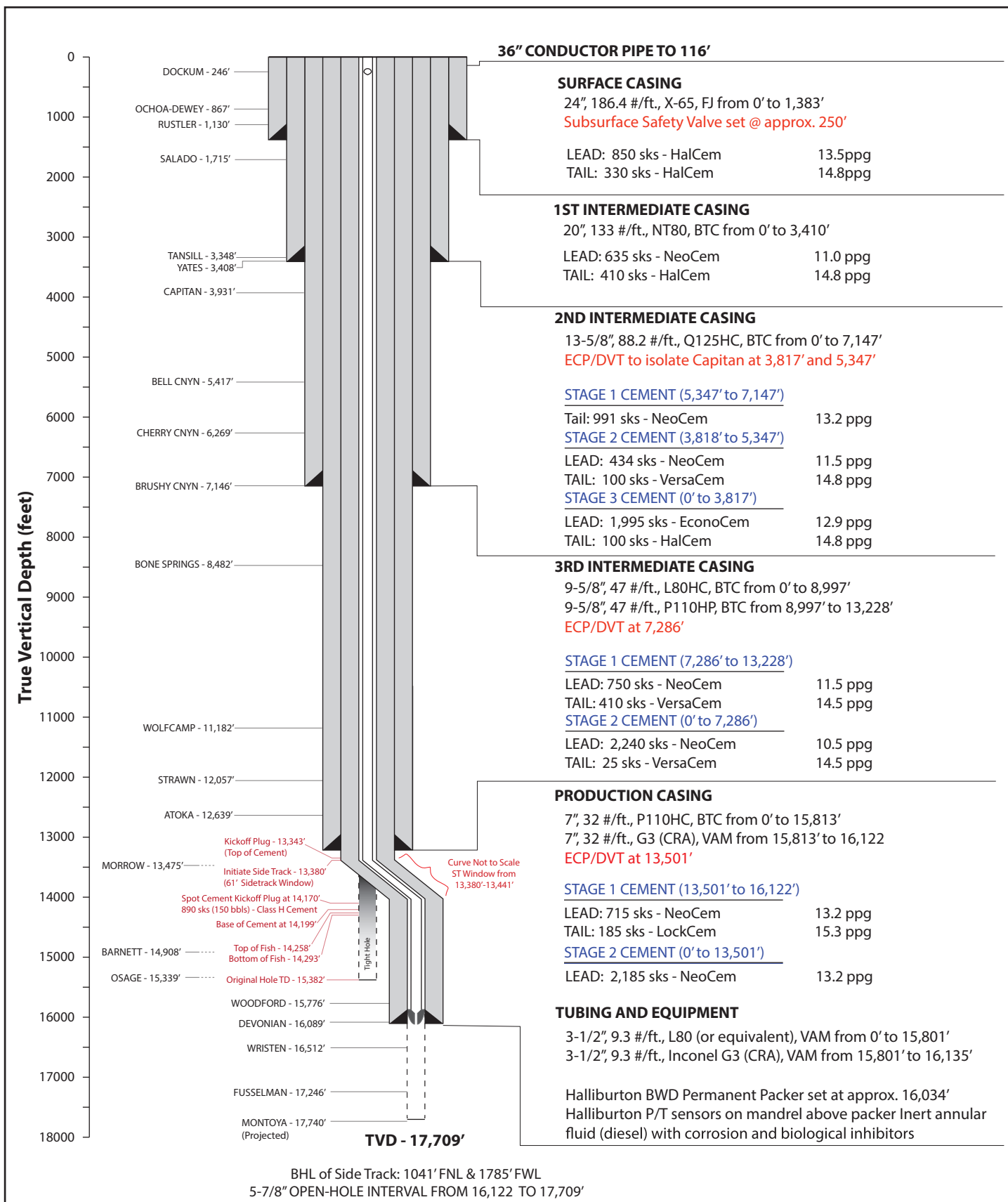


Figure 3. As-built Independence AGI #1 schematic.



**INDEPENDENCE AGI #2**  
 API: 30-025-49974  
 Lat/Long NAD83: 32.1200628, -103.2910251

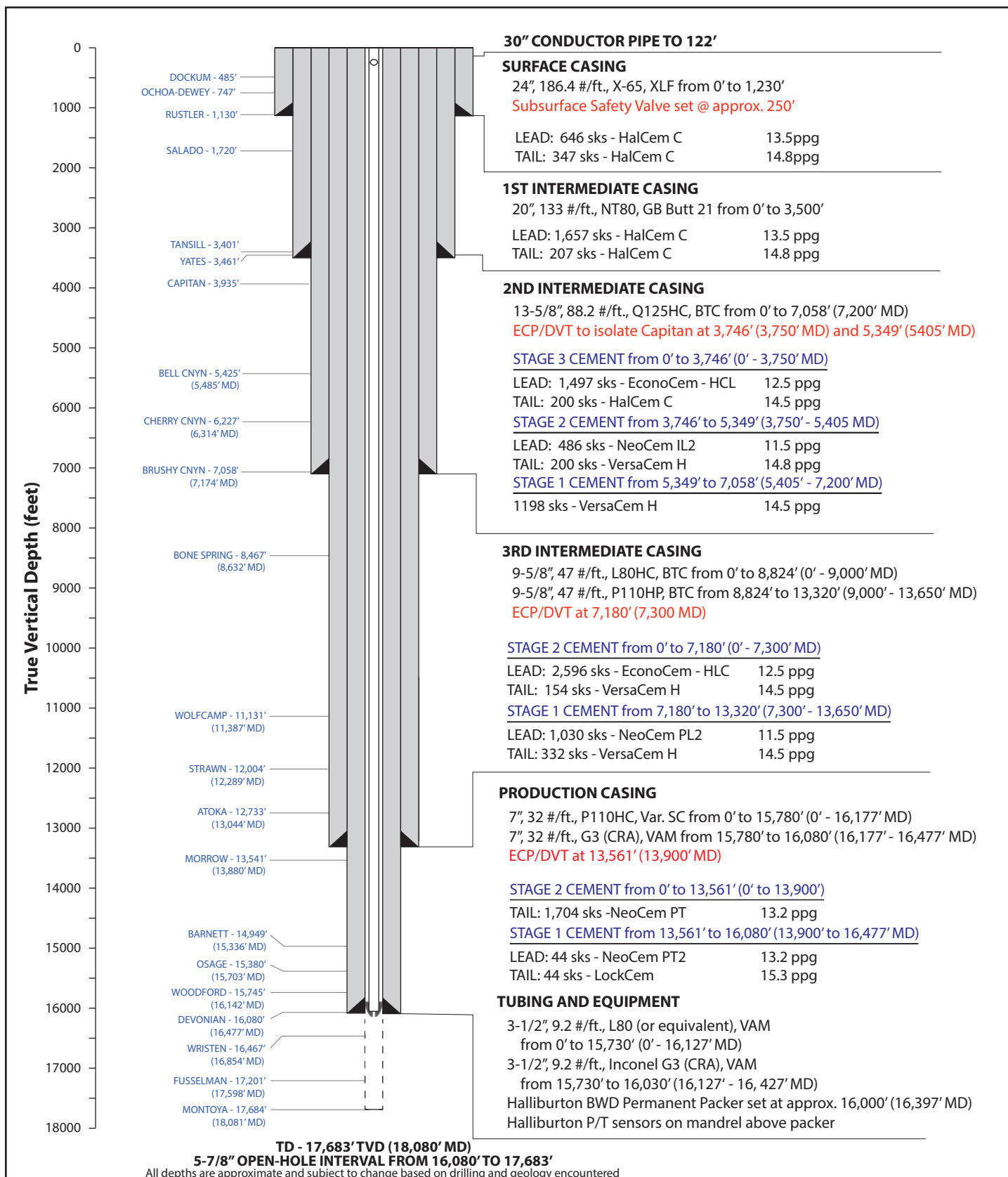
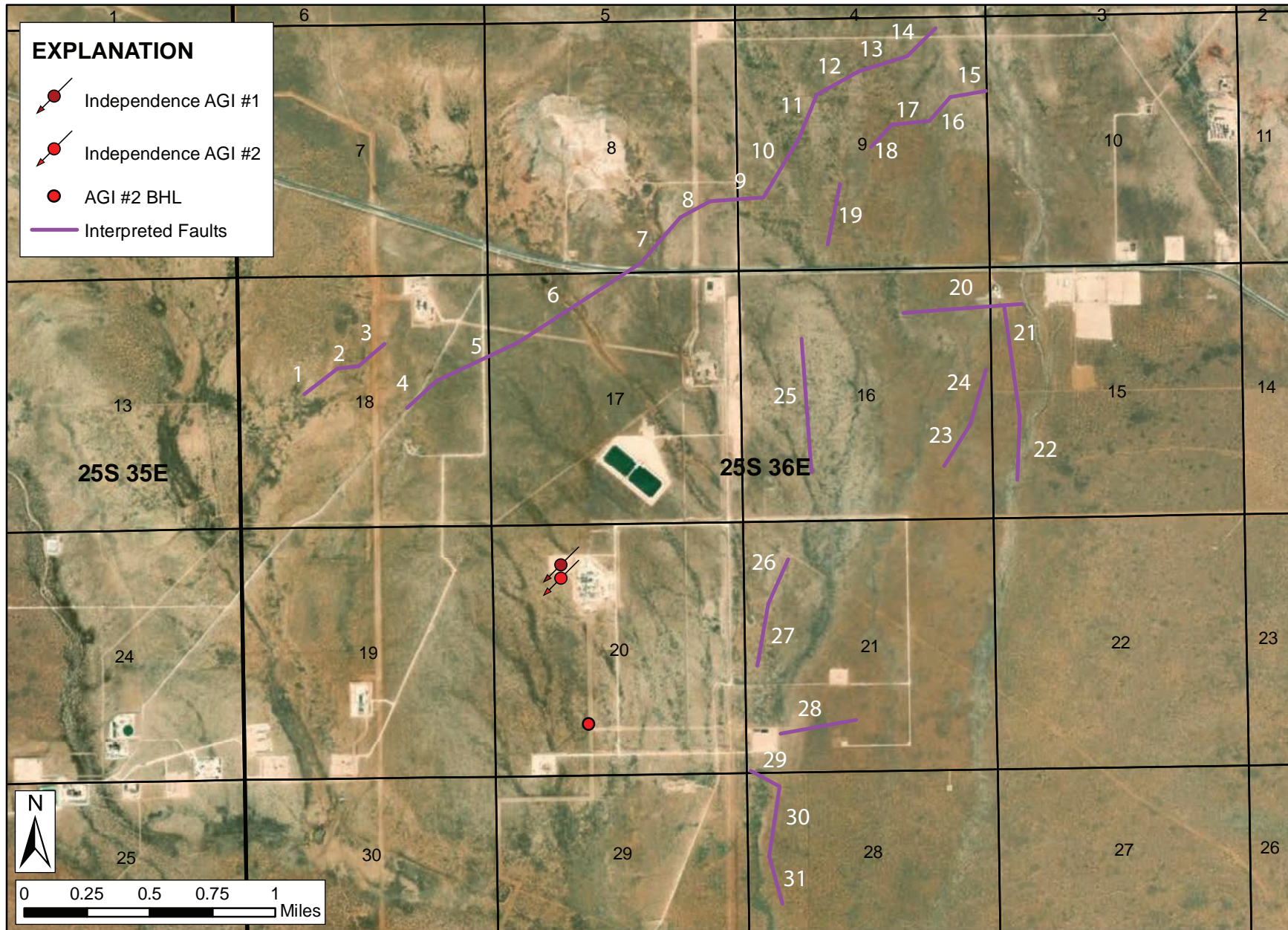


Figure 4. As-built Independence AGI #2 schematic.



**Figure 5.** Subsurface fault features interpreted from 3D seismic survey data in the area of the Independence AGI Wells.

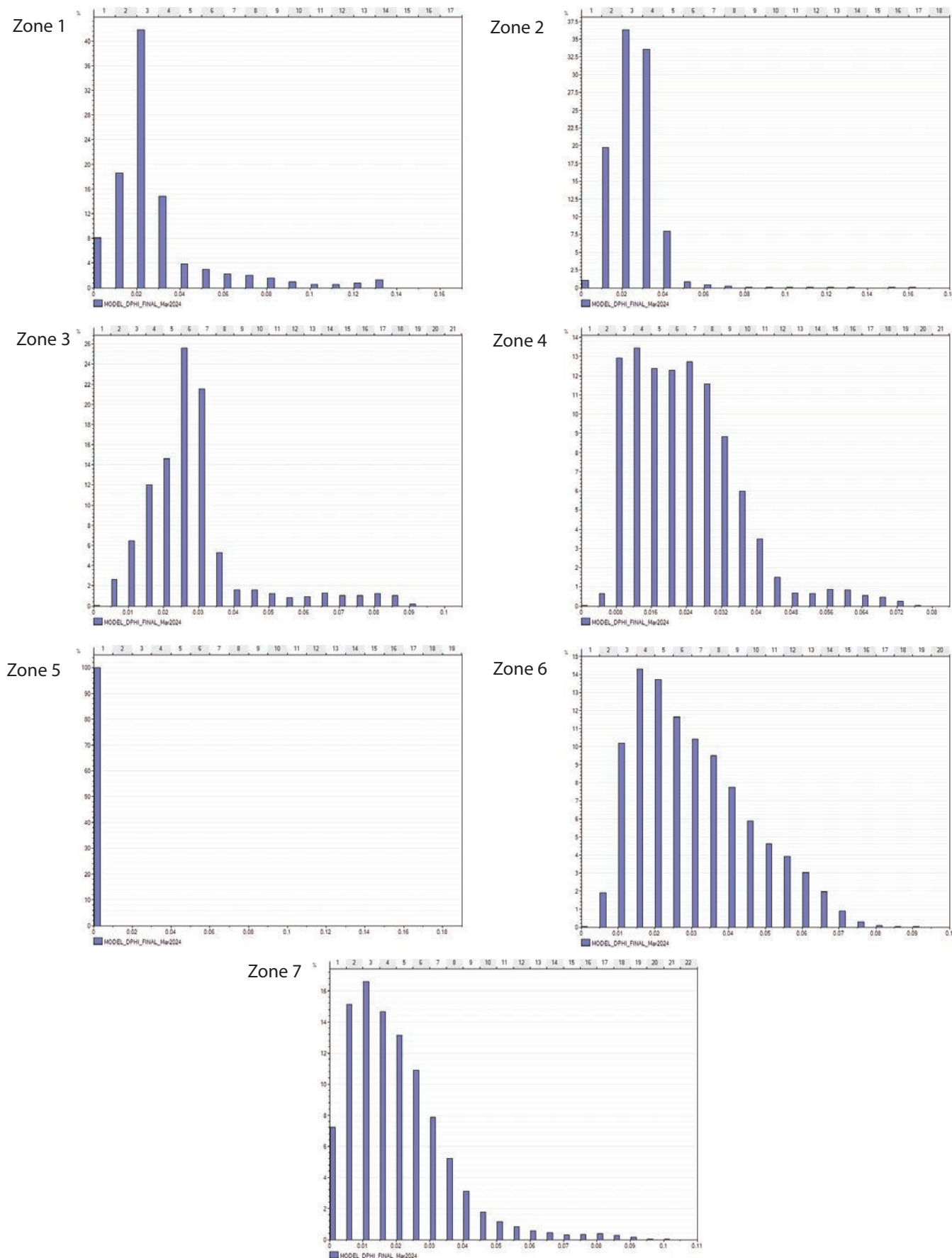


Figure 6. Porosity distribution within each of the seven (7) Petrel geomodel layers.



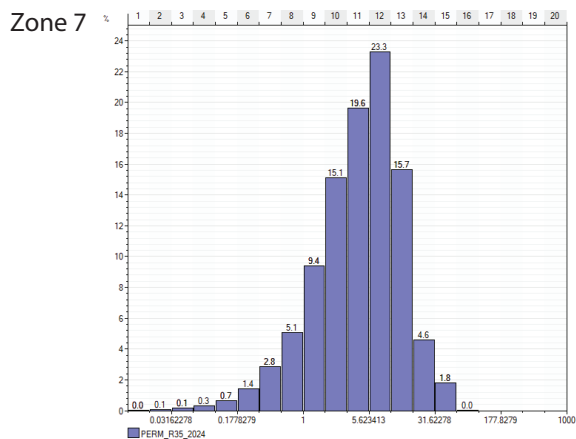
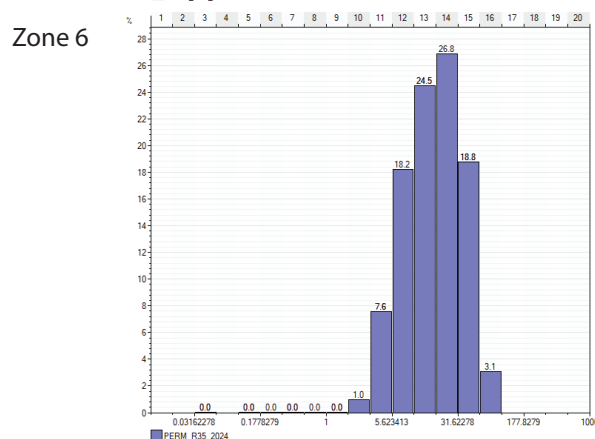
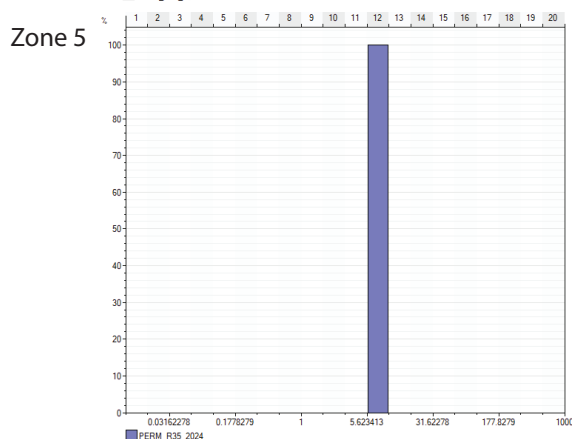
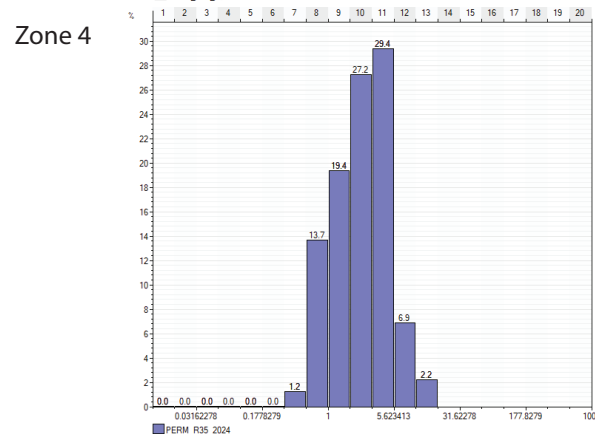
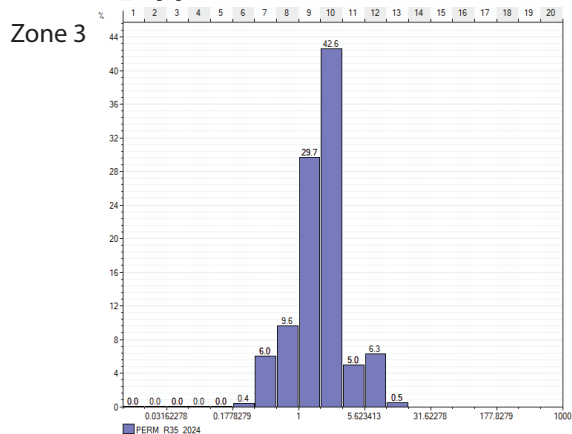
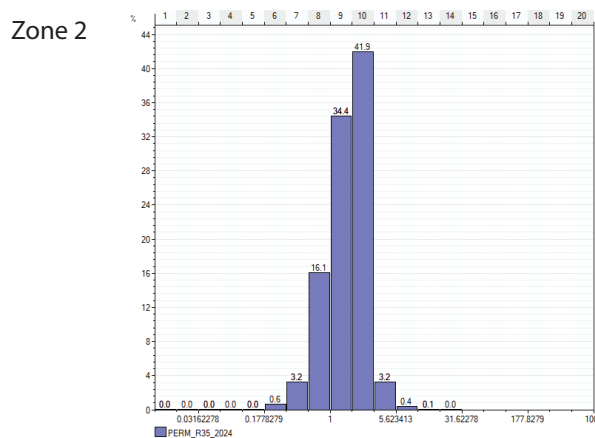
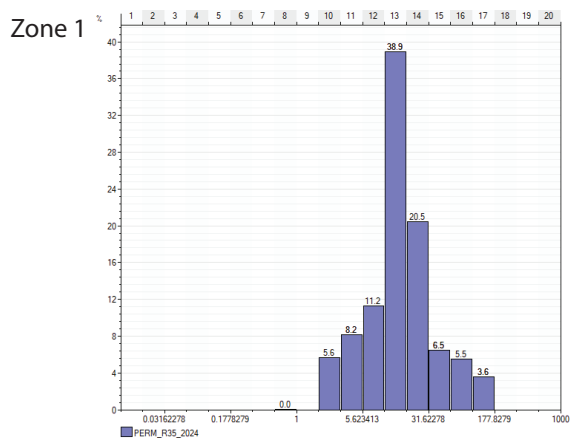


Figure 7. Permeability distribution within each of the seven (7) Petrel geomodel layers.

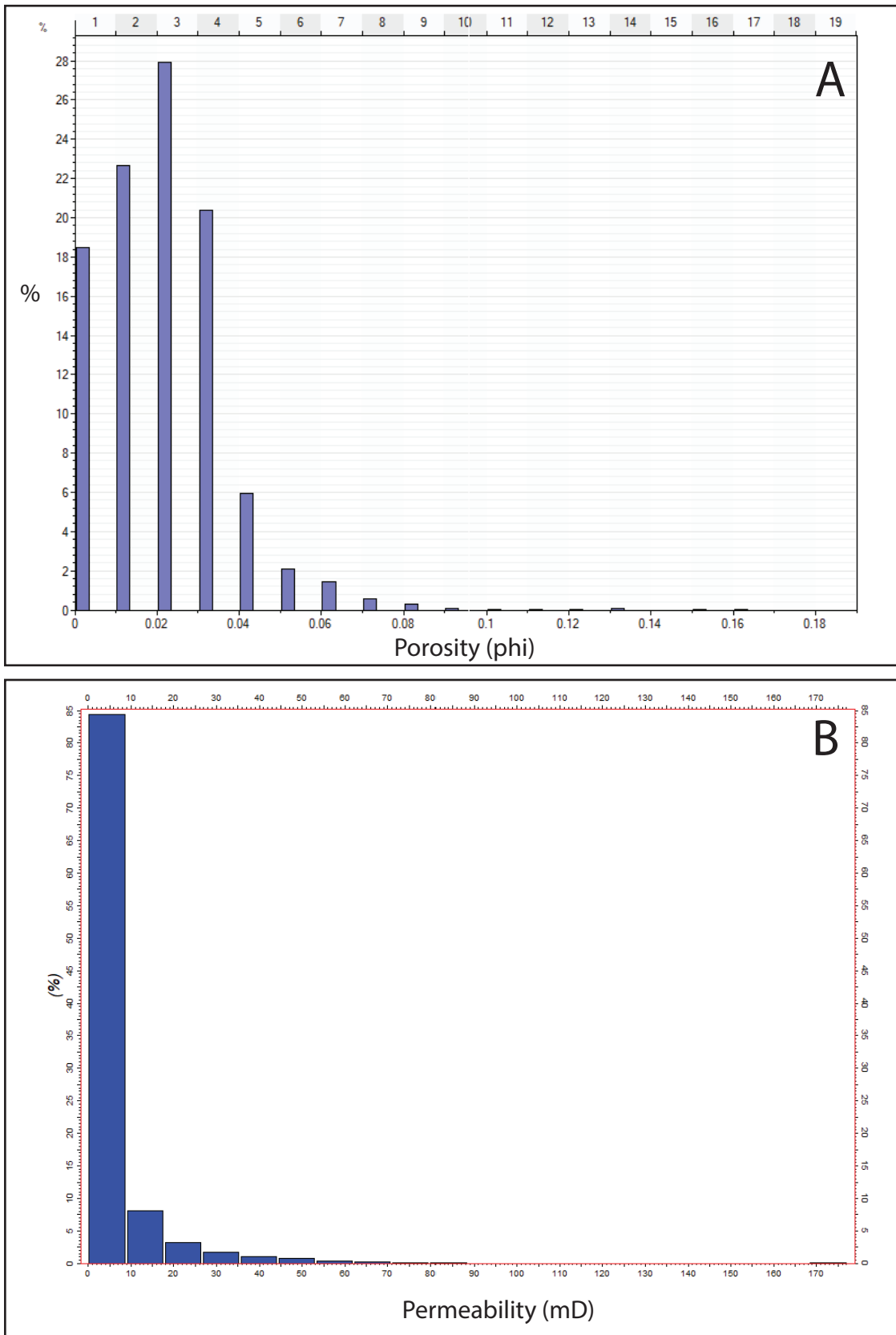
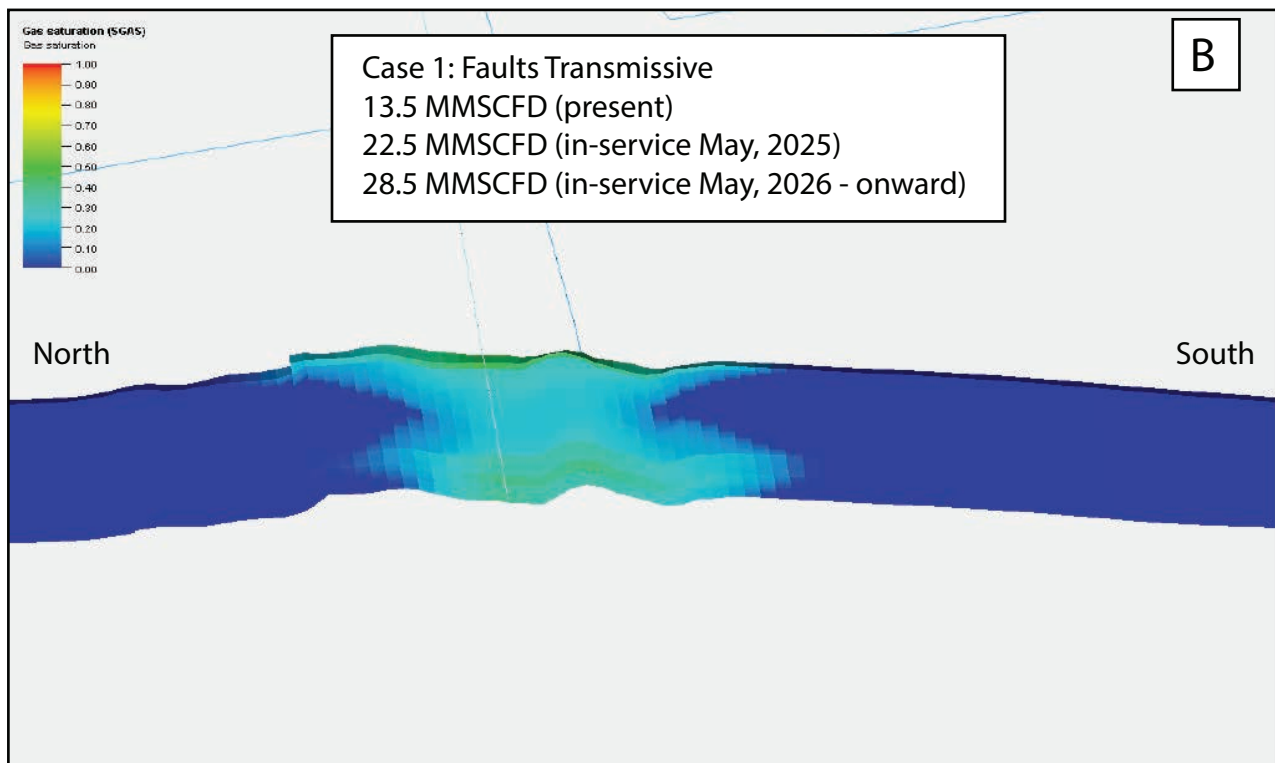
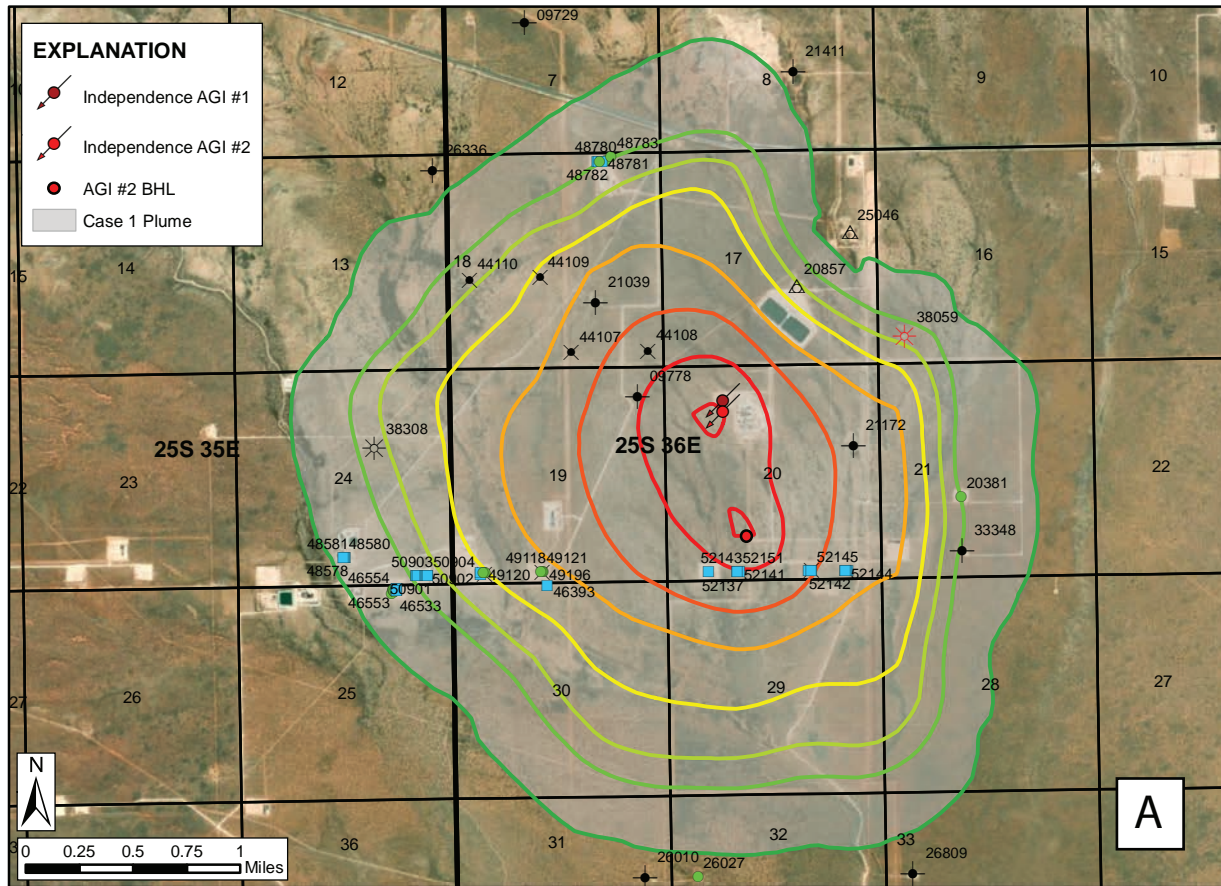
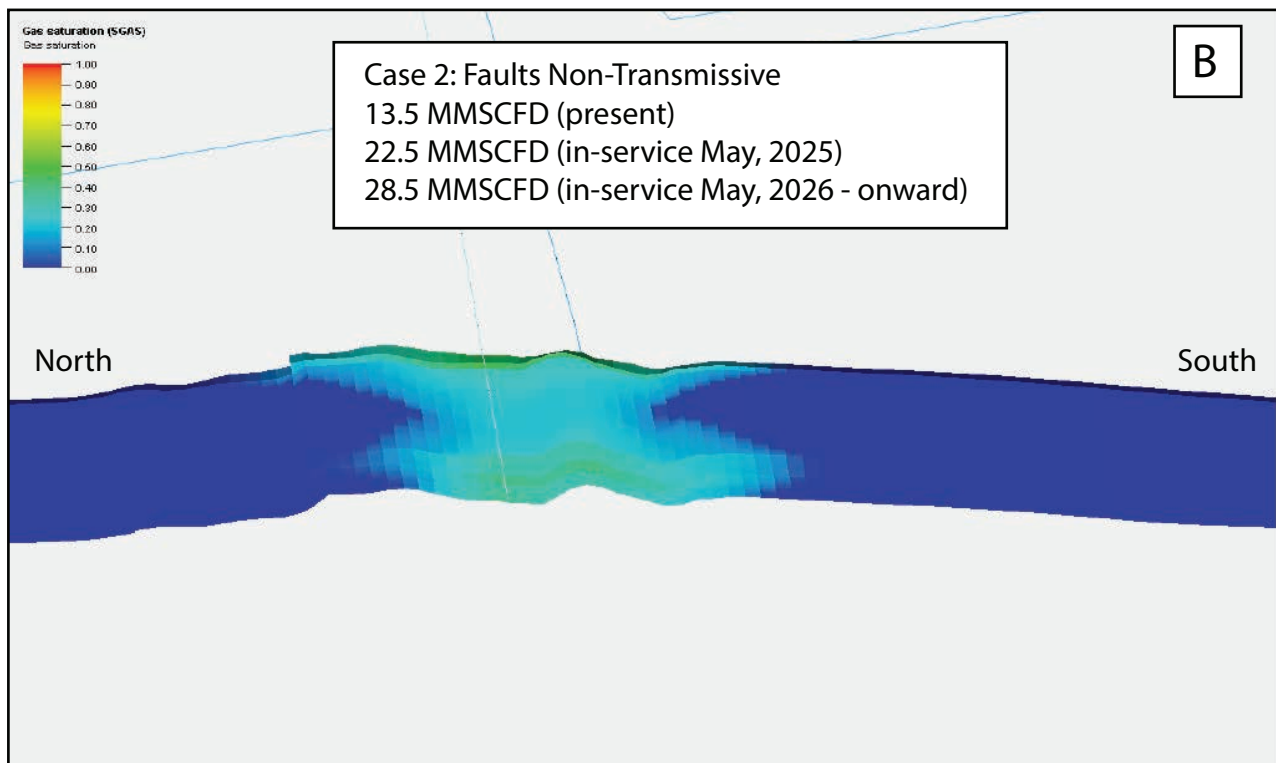
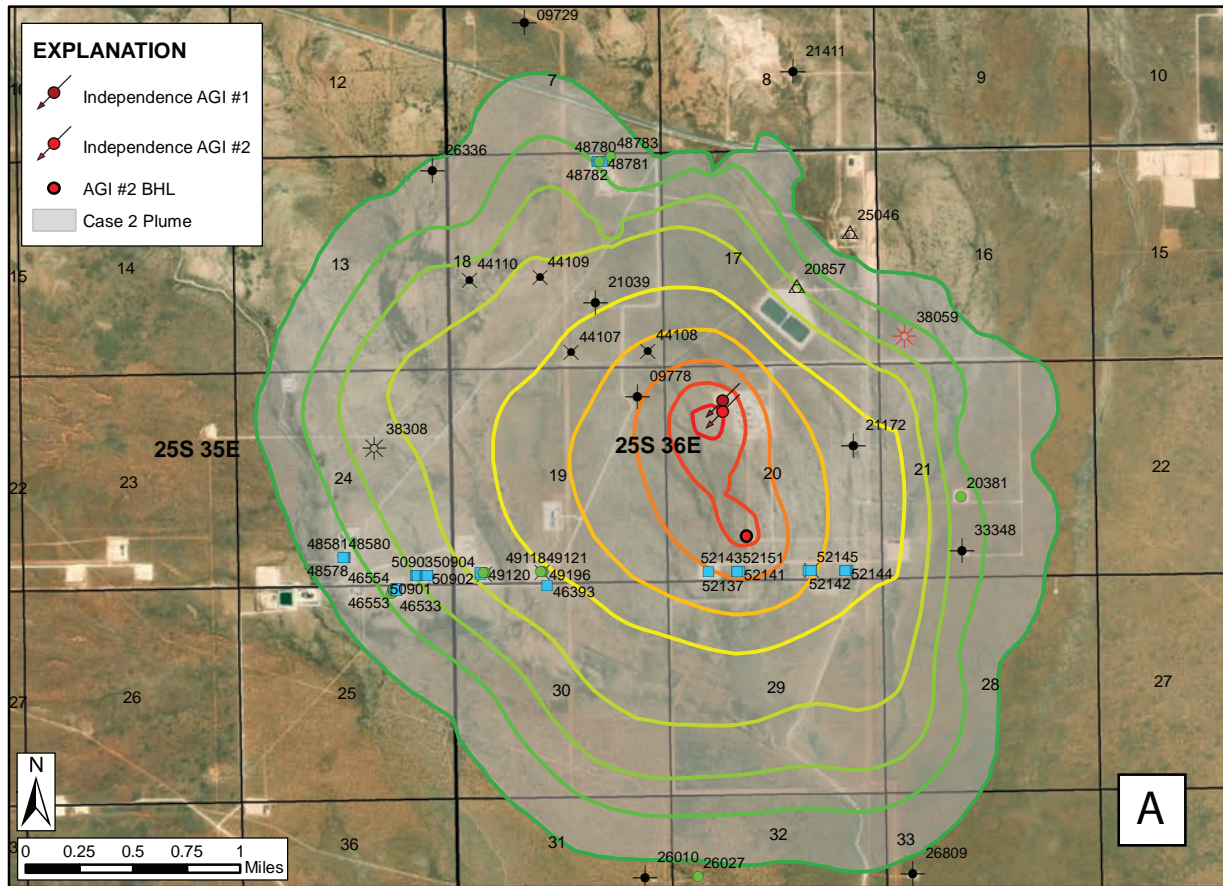


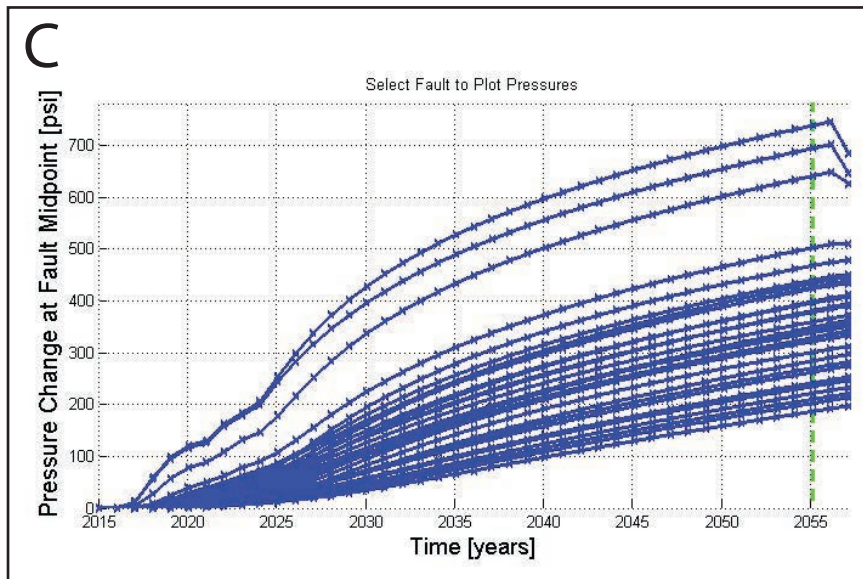
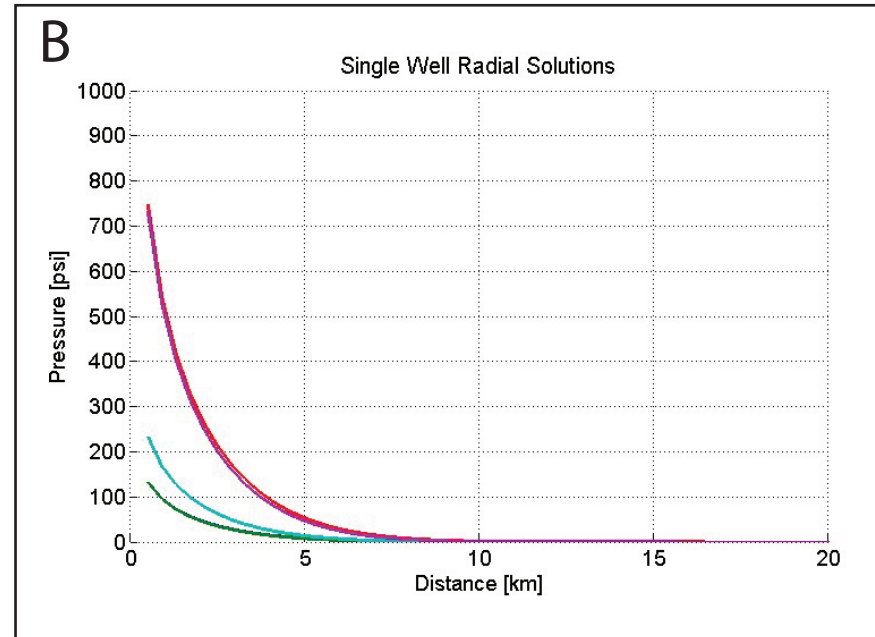
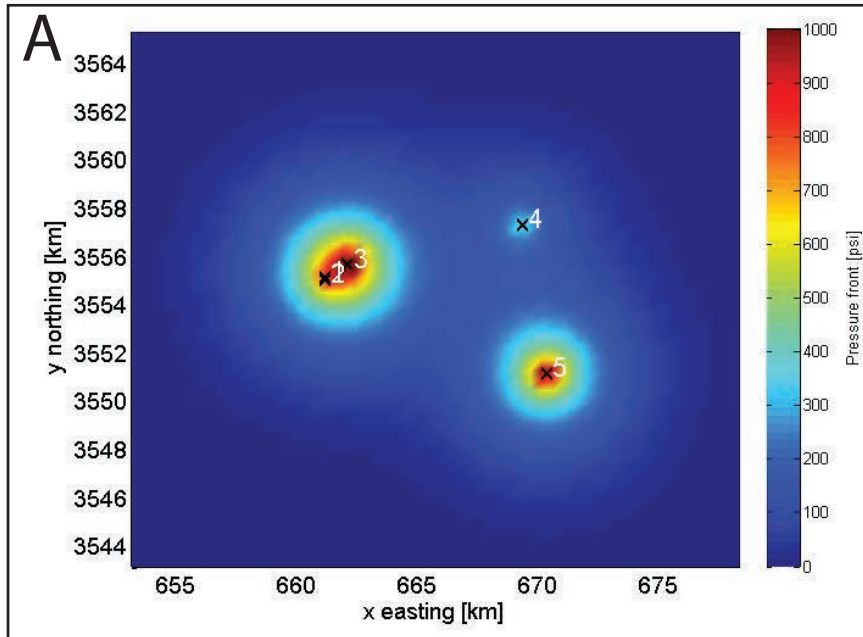
Figure 8. Distribution of porosity (panel A) and permeability (panel B) for all geo-model layers.



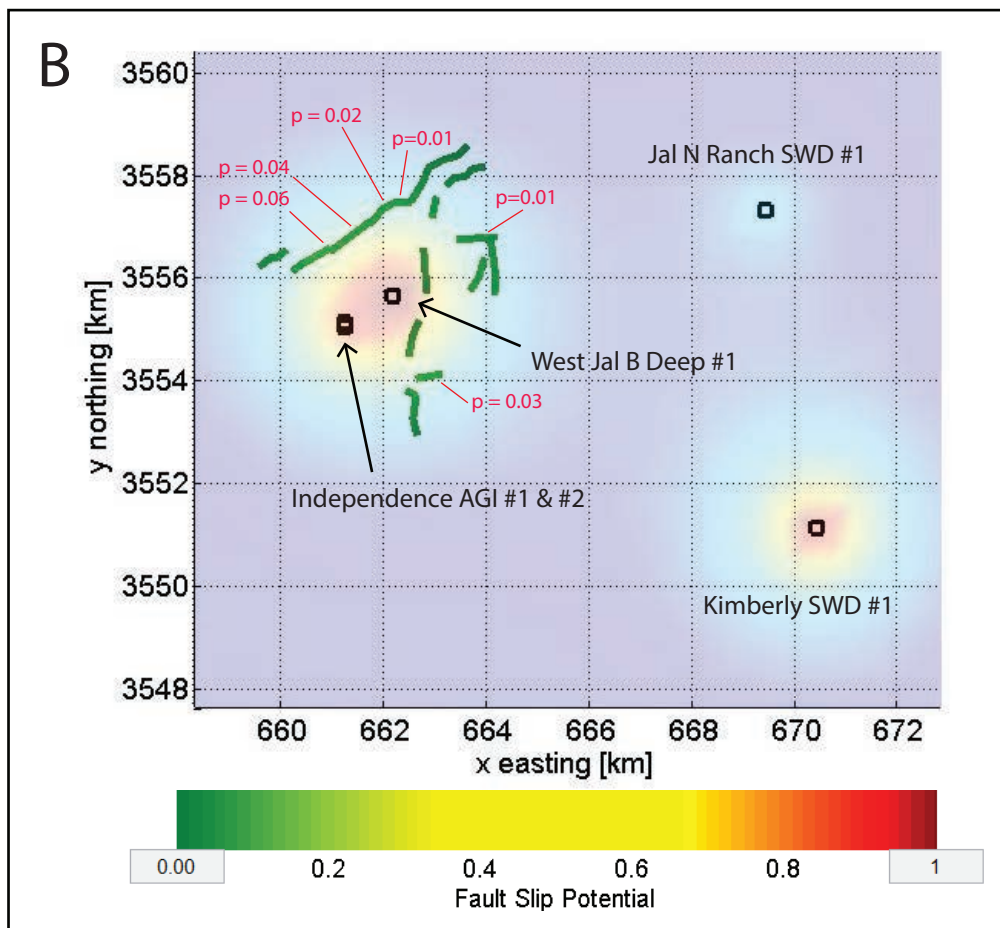
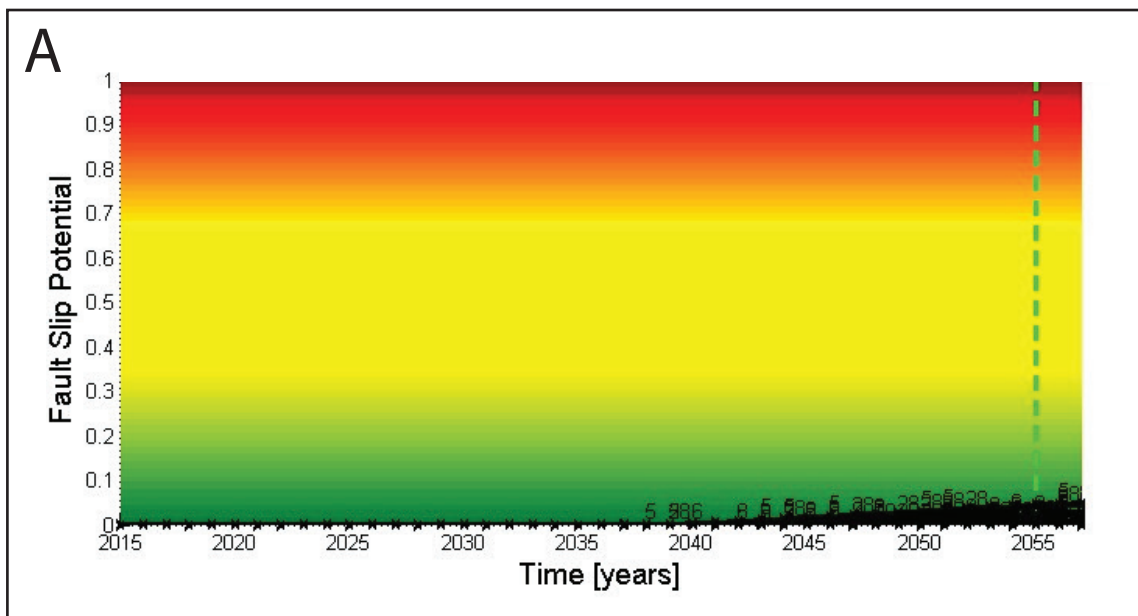
**Figure 9.** Summary of Eclipse simulation results for Case 1 (faults transmissive of fluids), showing gas saturation contours after 30 years of injection (panel A). Panel B shows the cross-sectional view of the resultant injection plume in the immediate vicinity of the Independence AGI Wells.



**Figure 10.** Summary of Eclipse simulation results for Case 2 (faults non-transmissive of fluids), showing gas saturation contours after 30 years of injection (panel A). Panel B shows the cross-sectional view of the resultant injection plume in the immediate vicinity of the Independence AGI Wells.



**Figure 11.** Summary of FSP model-predicted pressure front effects in the year 2055, resulting from injection activities of nearby wells (Panel A) that are actively injecting within the Siluro-Devonian formations. As shown in Panels B and C, the pressure increase along all faults in the area will not be affected by the proposed injection rate of 28.5 MMSCFD from the Independence AGI Wells.



**Figure 12.** Model-predicted fault slip potential after 30 years of injection operations at maximum daily volume conditions for all wells.

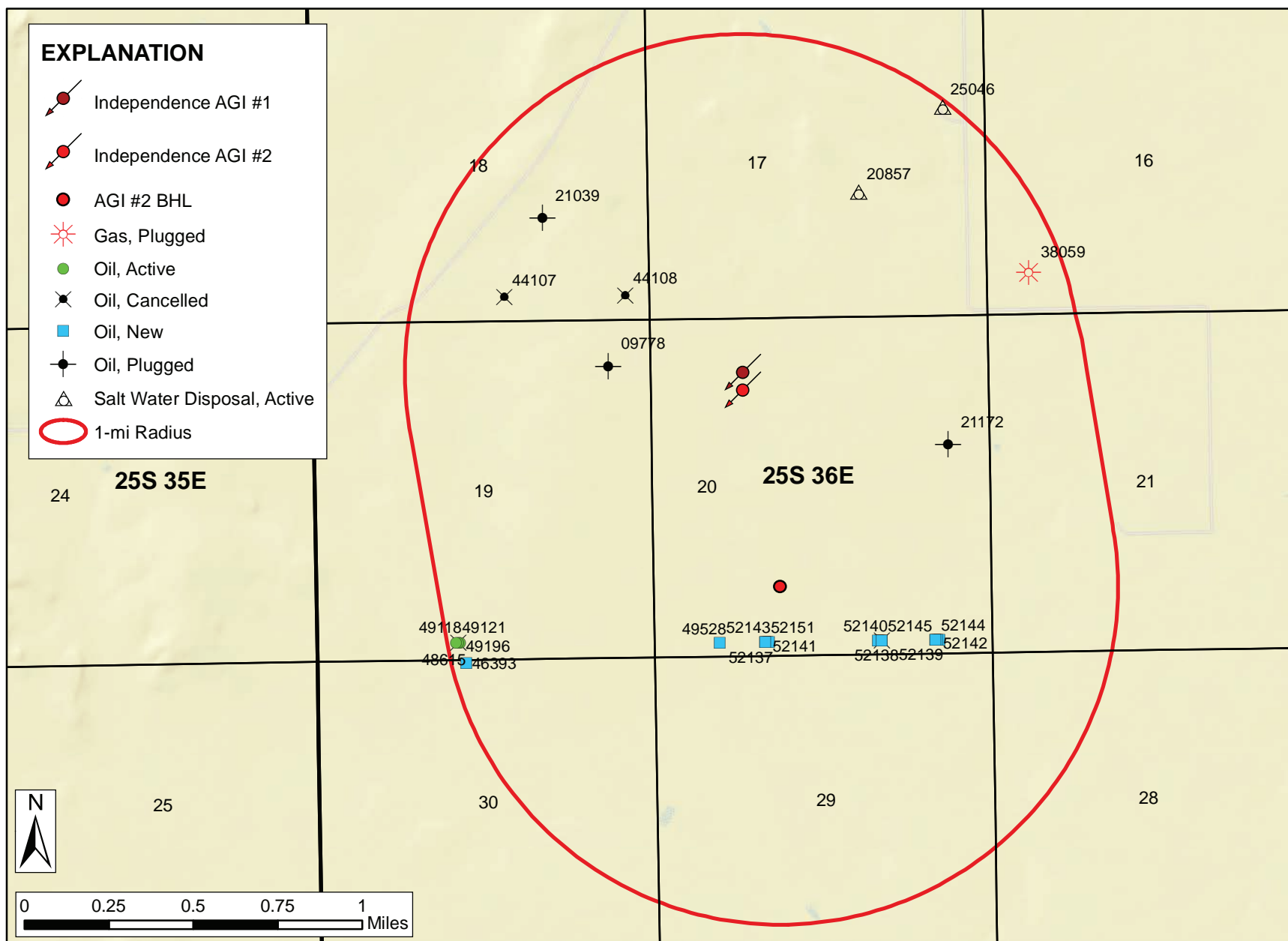


Figure 13. All wells located within one mile of the Independence AGI Wells.

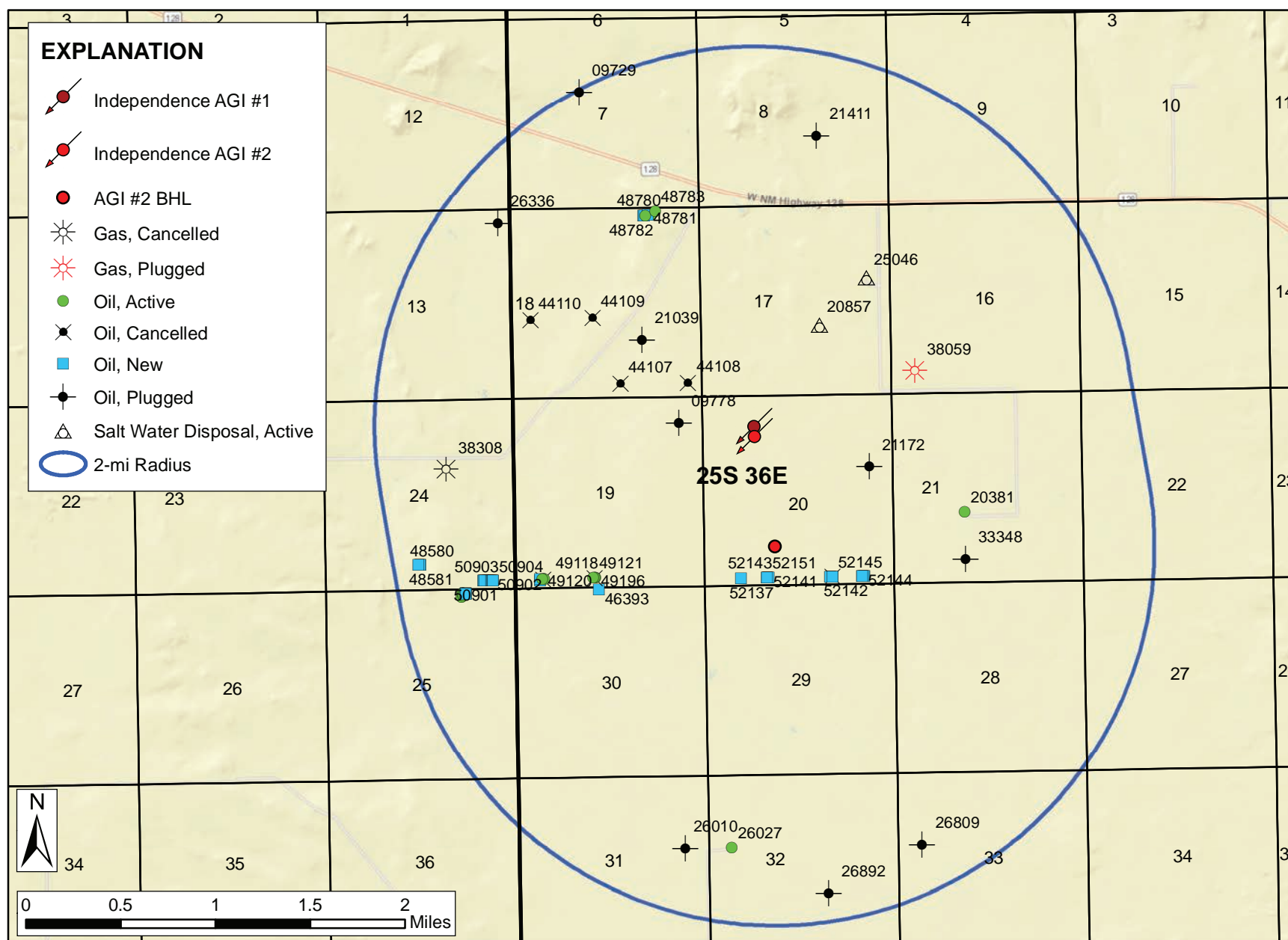


Figure 14. All wells located within two miles of the Independence AGI Wells.



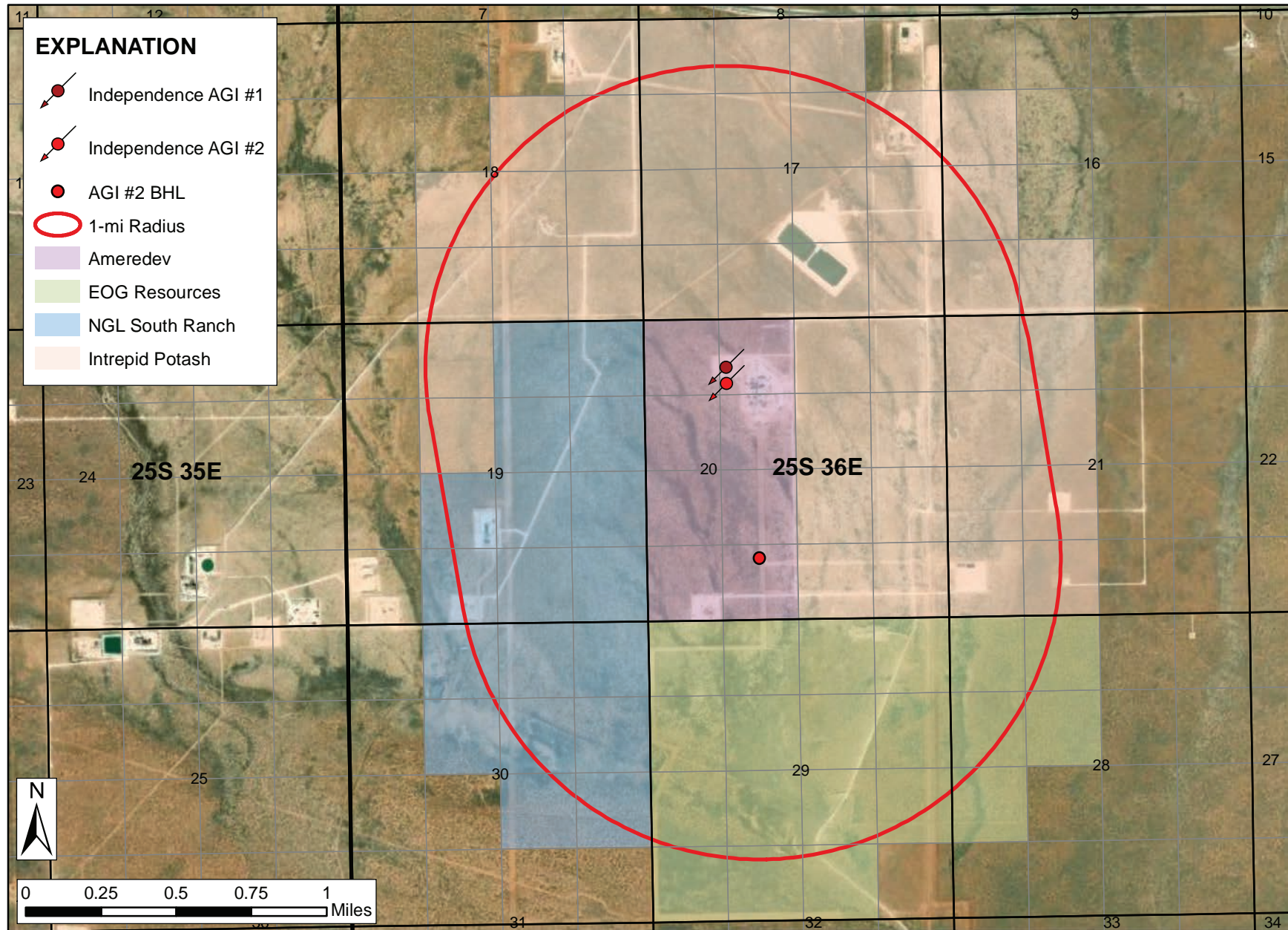


Figure 15. Surface ownership within one mile of the Independence AGI Wells.

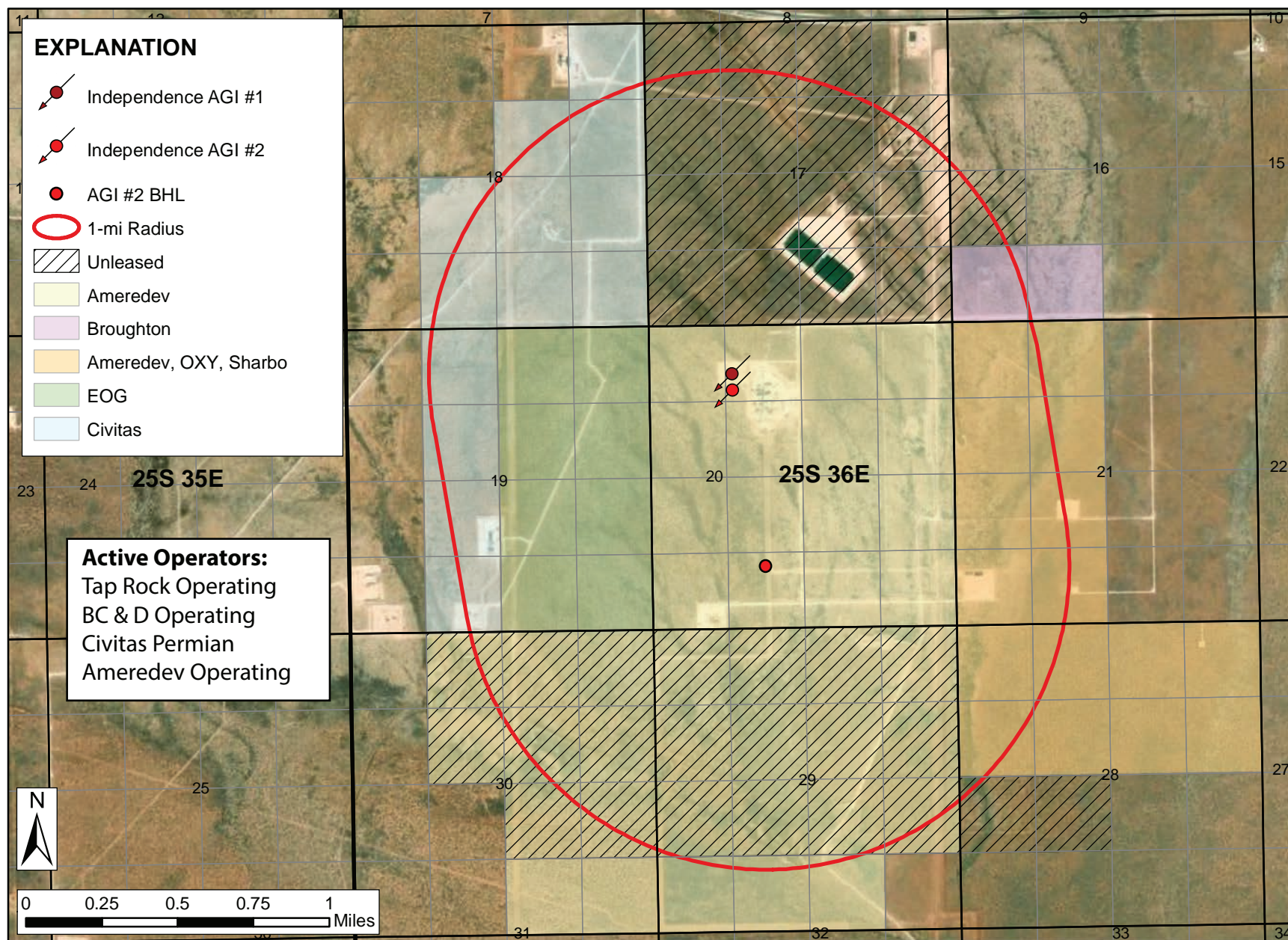


Figure 16. Active operators, lessees, and mineral ownership within a one-mile area of review for the Independence AGI Wells.

## APPENDIX A

### INFORMATION ON OIL AND GAS WELLS WITHIN TWO MILES AND ONE MILE OF THE INDEPENDENCE AGI WELLS

Table A-1: Table of wells located within two miles of Independence AGI Wells. Wells completed in the Siluro-Devonian formations are highlighted and have been previously identified with all relevant plugging documents within the original C-108 application for Independence AGI #2.

**Table A-1.** All wells within one and two miles of the Independence AGI #1 and #2 wells

API	Well Name	Well Type	Well Status	Plug Date	OGRID Name	Latitude (NAD83)	Longitude (NAD83)	TVD (ft)	Associated Pools
30-025-48081	INDEPENDENCE AGI #001	Injection	New	-	Pinon Midstream LLC	32.1208	-103.291	17,709	AGI, DEVONIAN-FUSSELMAN
30-025-49974	INDEPENDENCE FEE AGI #002	Salt Water Disposal	Active	-	Pinon Midstream LLC	32.1201	-103.291	17,683	AGI, DEVONIAN-FUSSELMAN
30-025-38308	DINWIDDIE 24 #001G	Gas	Cancelled	-	CHESAPEAKE OPERATING, INC.	32.1179	-103.3188	0	BOOTLEG RIDGE, MORROW (GAS)
30-025-44110	PINCH FEE WCB #001C	Oil	Cancelled	-	ONEENERGY PARTNERS OPERATING, LLC	32.1292	-103.311	0	JAL, WOLFCAMP, WEST
30-025-26336	PRE-ONGARD WELL #001	Oil	Plugged	-	N/A	32.1367	-103.3138	3,686	No Data
30-025-46393	NANDINA 25 36 31 FEDERAL COM #124H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1085	-103.3052	0	JAL, WOLFCAMP, WEST
30-025-46552	SIOUX 25 36 STATE FEDERAL COM #011H	Oil	Active	-	CAZA OPERATING, LLC	32.1084	-103.3174	12,077	WC-025 G-09 S253536D, UPR WOLFCAMP
30-025-46561	SIOUX 25 36 STATE FEDERAL COM #010H	Oil	Active	-	CAZA OPERATING, LLC	32.1081	-103.3176	12,107	WC-025 G-09 S253536D, UPR WOLFCAMP
30-025-46533	SIOUX 25 36 STATE FEDERAL COM #008H	Oil	Active	-	CAZA OPERATING, LLC	32.1082	-103.3174	12,149	WC-025 G-09 S253536D, UPR WOLFCAMP
30-025-46551	SIOUX 25 36 STATE FEDERAL COM #009H	Oil	Active	-	CAZA OPERATING, LLC	32.1084	-103.3175	11,894	WC-025 G-08 S253534O, BONE SPRING
30-025-48615	BLUE MARLIN STATE #212H	Oil	Cancelled	-	TAP ROCK OPERATING, LLC	32.1094	-103.3056	0	JAL, WOLFCAMP, WEST
30-025-48614	BLUE MARLIN STATE #211H	Oil	Cancelled	-	TAP ROCK OPERATING, LLC	32.1093	-103.3102	0	JAL, WOLFCAMP, WEST
30-025-46976	BLACK MARLIN FEDERAL COM #204H	Oil	Active	-	Civitas Permian Operating, LLC	32.1371	-103.3002	11,640	JAL, WOLFCAMP, WEST
30-025-48778	BLACK MARLIN FEDERAL COM #113H	Oil	New	-	Civitas Permian Operating, LLC	32.1371	-103.3007	0	WC-025 G-08 S253534O, BONE SPRING
30-025-48578	SANTA FE FEDERAL COM #704H	Oil	New	-	Franklin Mountain Energy LLC	32.1106	-103.3212	0	JAL, WOLFCAMP, WEST

30-025-48579	SANTA FE FEDERAL COM #705H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3152	0	JAL, WOLFCAMP, WEST
30-025-49115	BLUE MARLIN FEDERAL COM #111H	Oil	New	-	Civitas Permian Operating, LLC	32.1093	-103.3105	0	WC-025 G-08 S2535340, BONE SPRING
30-025-49116	BLUE MARLIN FEDERAL COM #112H	Oil	New	-	Civitas Permian Operating, LLC	32.1094	-103.3105	0	WC-025 G-08 S2535340, BONE SPRING
30-025-46977	BLACK MARLIN FEDERAL COM #214H	Oil	Active	-	Civitas Permian Operating, LLC	32.1371	-103.3	11,741	JAL, WOLFCAMP, WEST
30-025-49196	BLUE MARLIN FEDERAL COM #212H	Oil	Active	-	Civitas Permian Operating, LLC	32.1094	-103.3055	12,003	JAL, WOLFCAMP, WEST
30-025-49117	BLUE MARLIN FEDERAL COM #201H	Oil	Active	-	Civitas Permian Operating, LLC	32.1094	-103.3102	11,613	JAL, WOLFCAMP, WEST
30-025-48779	BLACK MARLIN FEDERAL COM #114H	Oil	New	-	Civitas Permian Operating, LLC	32.1371	-103.3006	0	WC-025 G-08 S2535340, BONE SPRING
30-025-48577	SANTA FE FEDERAL COM #603H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3154	0	WC-025 G-08 S2535340, BONE SPRING
30-025-48782	BLACK MARLIN FEDERAL COM #213H	Oil	Active	-	Civitas Permian Operating, LLC	32.1371	-103.3004	12,005	JAL, WOLFCAMP, WEST
30-025-48781	BLACK MARLIN FEDERAL COM #206H	Oil	New	-	Civitas Permian Operating, LLC	32.1371	-103.3003	0	JAL, WOLFCAMP, WEST
30-025-46553	SIoux 25 36 STATE FEDERAL COM #012H	Oil	Active	-	CAZA OPERATING, LLC	32.1084	-103.3174	11,994	WC-025 G-08 S2535340, BONE SPRING; WC-025 G-09 S253536D, UPR WOLFCAMP
30-025-48582	ZIA FEDERAL COM #604H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3151	0	WC-025 G-08 S2535340, BONE SPRING
30-025-48780	BLACK MARLIN FEDERAL COM #203H	Oil	Active	-	Civitas Permian Operating, LLC	32.1371	-103.3005	11,786	JAL, WOLFCAMP, WEST
30-025-48581	TRINITY FEDERAL #703H	Oil	New	-	Franklin Mountain Energy LLC	32.1106	-103.3213	0	JAL, WOLFCAMP, WEST

30-025-48580	TRINITY FEDERAL #602H	Oil	New	-	Franklin Mountain Energy LLC	32.1106	-103.3214	0	WC-025 G-08 S2535340, BONE SPRING
30-025-48583	ZIA FEDERAL COM #706H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.315	0	JAL, WOLFCAMP, WEST
30-025-48783	BLACK MARLIN FEDERAL COM #216H	Oil	Active	-	Civitas Permian Operating, LLC	32.1374	-103.2996	12,280	JAL, WOLFCAMP, WEST
30-025-46554	SIOUX 25 36 STATE FEDERAL COM #013H	Oil	Active	-	CAZA OPERATING, LLC	32.1082	-103.3174	11,725	WC-025 G-08 S2535340, BONE SPRING; WC-025 G-09 S253536D, UPR WOLFCAMP
30-025-49119	BLUE MARLIN FEDERAL COM #205H	Oil	Active	-	Civitas Permian Operating, LLC	32.1094	-103.3101	11,533	JAL, WOLFCAMP, WEST
30-025-49120	BLUE MARLIN FEDERAL COM #211H	Oil	Active	-	Civitas Permian Operating, LLC	32.1094	-103.3103	12,148	JAL, WOLFCAMP, WEST
30-025-49118	BLUE MARLIN FEDERAL COM #202H	Oil	Active	-	Civitas Permian Operating, LLC	32.1094	-103.3056	11,539	JAL, WOLFCAMP, WEST
30-025-49121	BLUE MARLIN FEDERAL COM #215H	Oil	Active	-	Civitas Permian Operating, LLC	32.1094	-103.3057	11,720	JAL, WOLFCAMP, WEST
30-025-49528	DOGWOOD 25 36 20 FEDERAL COM #112H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2924	0	JAL, WOLFCAMP, WEST
30-025-49626	DOGWOOD 25 36 20 FEDERAL COM #116H	Oil	Cancelled	-	AMEREDEV OPERATING, LLC	32.1092	-103.2842	0	JAL, WOLFCAMP, WEST
30-025-44107	BRANDY FEE WCB #001C	Oil	Cancelled	-	ONEENERGY PARTNERS OPERATING, LLC	32.1242	-103.303	0	JAL, WOLFCAMP, WEST
30-025-44109	CONVERT FEE WCB #001C	Oil	Cancelled	-	ONEENERGY PARTNERS OPERATING, LLC	32.1293	-103.3054	0	WC-025 G-09 S253402N, WOLFCAMP
30-025-09729	PRE-ONGARD WELL #002	Oil	Plugged	-	PRE-ONGARD WELL OPERATOR	32.1466	-103.3063	3,540	CUSTER, TANSILL
30-025-21039	PRE-ONGARD WELL #001	Oil	Plugged	-	PRE-ONGARD WELL OPERATOR	32.1276	-103.301	12,950	No Data
30-025-09778	PRE-ONGARD WELL #001	Oil	Plugged	-	PRE-ONGARD WELL OPERATOR	32.1212	-103.2978	3,891	No Data
30-025-44108	SHIFT FEE WCB #001C	Oil	Cancelled	-	ONEENERGY PARTNERS OPERATING, LLC	32.1242	-103.2969	0	JAL, WOLFCAMP, WEST
30-025-21411	C ELLIOTT FEDERAL #001	Oil	Plugged	6/26/1993	TEXACO EXPLORATION & PRODUCTION INC	32.143	-103.285	12,276	JAL, STRAWN, WEST (ASSOC)

30-025-20857	WEST JAL B #001	Salt Water Disposal	Active	-	BC & D OPERATING INC.	32.1285	-103.285	12,275	JAL, WOLFCAMP, WEST; SWD, DELAWARE
30-025-21172	WEST JAL UNIT #001	Oil	Plugged	4/5/1984	TEXACO EXPLORATION & PRODUCTION INC	32.1176	-103.2807	17,086	JAL, DELAWARE, WEST; JAL, STRAWN, WEST (GAS)
30-025-25046	WEST JAL B DEEP #001	Salt Water Disposal	Active	-	BC & D OPERATING INC.	32.1321	-103.2807	18,945	JAL, STRAWN, WEST (ASSOC); JAL, WOLFCAMP, WEST; JAL, FUSSELMAN, WEST (GAS); SWD, ST-AT-MISS-DEV-FUS
30-025-38059	DINWIDDIE STATE COM #001	Gas	Plugged	12/12/2008	COG OPERATING LLC	32.1249	-103.2765	12,192	JAL, STRAWN, WEST (ASSOC)
30-025-33348	TEXACO WEST JAL 21 #001	Oil	Plugged	4/25/1996	ENSERCH EXPLORATION INC.	32.1104	-103.2722	7,700	[96838] DRY AND ABANDONED
30-025-20381	HERKIMER BQF FEDERAL #001H	Oil	Active	-	AMEREDEV OPERATING, LLC	32.114	-103.2722	8,515	JAL, DELAWARE, WEST
30-025-50391	SIOUX 25 36 STATE FEDERAL COM #020H	Oil	New	-	CAZA OPERATING, LLC	32.1084	-103.3172	0	WC-025 G-09 S253536D, UPR WOLFCAMP
30-025-50392	SIOUX 25 36 STATE FEDERAL COM #021H	Oil	New	-	CAZA OPERATING, LLC	32.1084	-103.3172	0	WC-025 G-08 S2535340, BONE SPRING
30-025-50393	SIOUX 25 36 STATE FEDERAL COM #022H	Oil	New	-	CAZA OPERATING, LLC	32.1083	-103.3172	0	WC-025 G-09 S253536D, UPR WOLFCAMP
30-025-50394	SIOUX 25 36 STATE FEDERAL COM #023H	Oil	New	-	CAZA OPERATING, LLC	32.1083	-103.3172	0	WC-025 G-08 S2535340, BONE SPRING
30-025-50842	LOE FEDERAL COM #804H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3156	0	JAL, WOLFCAMP, WEST
30-025-50843	LOE FEDERAL COM #805H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3156	0	JAL, WOLFCAMP, WEST
30-025-50844	LOE FEDERAL COM #806H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3155	0	JAL, WOLFCAMP, WEST
30-025-50901	LOE FEDERAL COM #103H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3149	0	DOGIE DRAW, DELAWARE

30-025-50902	LOE FEDERAL COM #104H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3148	0	DOGIE DRAW, DELAWARE
30-025-50903	LOE FEDERAL COM #503H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3147	0	WC-025 G-08 S2535340, BONE SPRING
30-025-50904	LOE FEDERAL COM #504H	Oil	New	-	Franklin Mountain Energy LLC	32.1093	-103.3147	0	WC-025 G-08 S2535340, BONE SPRING
30-025-52016	DOGWOOD 25 36 20 FEDERAL COM #106H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2842	0	JAL, WOLFCAMP, WEST
30-025-52017	DOGWOOD 25 36 20 FEDERAL COM #108H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2813	0	JAL, WOLFCAMP, WEST
30-025-52137	DOGWOOD 25 36 20 FEDERAL COM #093H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2901	0	No Data
30-025-52138	DOGWOOD 25 36 20 FEDERAL COM #095H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2843	0	WC-025 G-08 S2535340, BONE SPRING
30-025-52139	DOGWOOD 25 36 20 FEDERAL COM #097H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2815	0	WC-025 G-08 S2535340, BONE SPRING
30-025-52140	DOGWOOD 25 36 20 FEDERAL COM #115H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2844	0	JAL, WOLFCAMP, WEST
30-025-52141	DOGWOOD 25 36 20 FEDERAL COM #124H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.29	0	JAL, WOLFCAMP, WEST
30-025-52142	DOGWOOD 25 36 20 FEDERAL COM #128H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2814	0	JAL, WOLFCAMP, WEST
30-025-52143	DOGWOOD 25 36 20 FEDERAL COM #104H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2899	0	JAL, WOLFCAMP, WEST
30-025-52151	DOGWOOD 25 36 20 FEDERAL COM #113H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2901	0	JAL, WOLFCAMP, WEST
30-025-52144	DOGWOOD 25 36 20 FEDERAL COM #117H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2815	0	JAL, WOLFCAMP, WEST
30-025-52145	DOGWOOD 25 36 20 FEDERAL COM #126H	Oil	New	-	AMEREDEV OPERATING, LLC	32.1092	-103.2842	0	JAL, WOLFCAMP, WEST
30-025-26010	PRE-ONGARD WELL #001	Oil	Plugged	-	PRE-ONGARD WELL OPERATOR	32.0886	-103.2978	3,336	SIOUX, TANSILL-YATES-SEVEN RIVERS
30-025-26027	SITTING BULL A #001	Oil	Active	-	FULFER OIL & CATTLE LLC	32.0886	-103.2936	3,368	SIOUX, TANSILL-YATES-SEVEN RIVERS



30-025-26892	PRE-ONGARD WELL #002	Oil	Plugged	-	PRE-ONGARD WELL OPERATOR	32.085	-103.285	3,746	No Data
30-025-26809	PRE-ONGARD WELL #001	Oil	Plugged	-	PRE-ONGARD WELL OPERATOR	32.0886	-103.2765	3,690	No Data

## **APPENDIX B**

**IDENTIFICATION OF OPERATORS, LESSEES, SURFACE OWNERS, AND OTHER INTERESTED PARTIES WITHIN ONE MILE OF INDEPENDENCE AGI WELLS; EXAMPLE NOTIFICATION LETTERS**

**TABLE B-1. PARTIES TO BE INDIVIDUALLY NOTIFIED****Surface Owners:**

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706  
(432) 686-3600

NGL Water Solutions Permian, LLC  
865 North Albion Street, Suite 500  
Denver, CO 80220  
(303) 968-0887

Intrepid Potash – New Mexico, LLC  
1996 Potash Mines Rd.  
Carlsbad, NM 88221  
(575) 887-5591

Ameredev II, LLC  
2901 Via Fortuna, Suite 600  
Austin, TX 78746

**Active Operators:**

Ameredev II, LLC  
2901 Via Fortuna, Suite 600  
Austin, TX 78746

Tap Rock Operating  
523 Park Point Drive, Suite 200  
Golden, CO 80401

BC & D Operating, Inc.  
1008 West Broadway  
Hobbs, NM 88240  
(575) 393-2727

**Lessees:**

Ameredev II, LLC  
2901 Via Fortuna, Suite 600  
Austin, TX 78746

EOG Resources, Inc.  
5509 Champions Drive  
Midland, TX 79706

Broughton Petroleum, Inc.  
1225 N. Loop West, Suite 1055  
Houston, TX 77008

Oxy Y-1 Co.  
5 Greenway Plaza, Suite 110  
Houston, TX 77046

Sharbo Energy LLC  
P.O. Box 840  
Artesia, NM 88211

Civitas Permian Operating, LLC  
555 17<sup>th</sup> Street, Suite 3700  
Denver, CO 80202

**Mineral Rights Owners:**

Bureau of Land Management  
301 Dinosaur Trail  
Santa Fe, NM 87508  
(505) 954-2000

Allison Marks  
New Mexico State Land Office  
310 Old Santa Fe Trail  
Santa Fe, NM 87504-1148

**ATTACHMENT A – SAMPLE NOTICE LETTER**

June XX, 2024

Example Notice Letter  
Party to be notified  
Address

VIA FEDERAL EXPRESS  
RETURN RECEIPT REQUESTED

RE: PINON MIDSTREAM LLC, INDEPENDENCE AGI #1 & INDEPENDENCE AGI #2  
VOLUME INCREASE AMENDMENT

This letter is to advise you that Pinon Midstream, LLC (Pinon) filed the enclosed C-108 amendment application on XX/XX/XXXX with the New Mexico Oil Conservation Commission seeking approval to increase the allowable injection volume shared between the existing Independence AGI #1 and Independence AGI #2 wells from 20 million standard cubic feet per day (MMSCFD), to 28.5 MMSCFD.

The Independence AGI #1 well has a surface location of 826 feet from the north line (FNL) and 1,443 feet from the west line (FWL) in Section 20, Township 25 South, Range 36 East. The Independence AGI #2 well was drilled to provide a redundant well option and increase the total sour gas treatment capacity for Pinon's Dark Horse Treatment Facility. The surface location of Independence AGI #2 is 1,110 FNL and 1,443 FWL, with a bottom-hole location southeast of the surface location at 1,080 feet from the south line (FSL) and 1,978 FWL in Section 20.

This application (Case Number XXXXX) has been set for hearing before the New Mexico Oil Conservation Commission at 9:00 a.m. on XX/XX/XXXX, in the Wendell Chino Building at the New Mexico Oil Conservation Division's Santa Fe office located at 1220 South St. Francis Drive; Santa Fe, New Mexico, 87505. You are not required to attend this hearing, but as an interested party that may be affected by Pinon's application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the application at a later date.

A party appearing at the hearing is required by Division Rule 19.15.4.13 NMAC to file a Pre-Hearing Statement at least four days in advance of the scheduled hearing, but in no event not later than 5:00 p.m. Mountain Time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above-specified address and should include the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and an identification of any procedural matters that need to be resolved prior to the hearing.

If you have any questions concerning this application, you may contact David White, P.G. at Geolex, Inc.; 500 Marquette Avenue NW, Suite 1350; Albuquerque, New Mexico 87102; (505) 842-8000.

Sincerely,  
Geolex, Inc.®

David A. White, P.G.  
Vice President, Consultant to Pinon

Enclosure: C-108 Application for Authority to Inject

## **ATTACHMENT B -- SAMPLE PUBLIC NOTICE OF HEARING**

Pinon Midstream, LLC, INSERT ADDRESS, filed Form C-108 (Application for Authorization to Inject) on XX/XX/2024, with the New Mexico Oil Conservation Division (NMOCD) seeking authorization amend New Mexico Oil Conservation Commission Order R-21455 (A-B) and NMOCD Administrative Order SWD-2464. Pinon seeks authorization to increase the combined allowable injection volume for the Independence AGI #1 (API: 30-025-48081) and Independence AGI #2 (API: 30-025-49974) Wells to 28.5 million standard cubic feet per day. The Independence AGI Wells are located in Section 20, Township 25S, Range 36E in Lea County, New Mexico, approximately six miles west of Jal, New Mexico. The Independence AGI #1 Well has a surface location in Section 20 approximately 829 feet from the north line (FNL) and 1,443 feet from the west line (FWL) and Independence AGI #2 has a surface location of 1,110 feet FNL and 1,443 feet FWL in Section 20.

This application (Case Number XXXXX) has been set for hearing before the New Mexico Oil Conservation Commission at XX:XX a.m. on XX/XX/2024, in the Wendell Chino Building at the New Mexico Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. Interested parties that may be affected by Pinon's application may appear and present testimony by filing a Pre-Hearing Statement with the Divisions Santa Fe office at the above specified address at least four days in advance of the scheduled hearing date. Additional information can be obtained from the applicant's agent, Geolex, Inc.<sup>®</sup>; 500 Marquette Ave NW, Suite 1350; Albuquerque, New Mexico 87102.