Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised July 18, 2013

WELL API NO.	30-025-49600
5. Indicate Type of Lease	STATE ☐ FEE ☒
6. State Oil & Gas Lease No.	
SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	7. Lease Name or Unit Agreement Name: BEAZA SWD
1. Type of Well: Oil Well ☐ Gas Well ☐ Other SWD	8. Well Number 1
2. Name of Operator: MILESTONE ENVIRONMENTAL SERVICES LLC	9. OGRID Number 328435
3. Address of Operator: 15721 PARK ROW, SUITE 150	10. Pool name or Wildcat: SWD; BELL CANYON-CHERRY CANYO
4. Well Location: Unit Letter H : 2480 feet from the N line and 160 feet from the E line; Section 25 Township 24S Range 34E NMPM County LEA	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3360.1	

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☐			
OTHER: Proposed STep-rate Test Procedures ☒		OTHER: ☐	

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

Milestone is submitting the attached step-rate procedure for approval. Milestone is targeting 3/25/22 for the SRT, upon approval of this procedure.

Spud Date: 12/16/2021 Rig Release Date: 3/20/2022 (expected)

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

SIGNATURE [signature] TITLE CONSULTING ENGINEER DATE 3/18/2022

Type or print name RAMONA HOVEY E-mail address: ramona@longuist.com PHONE: 512 600 1777

For State Use Only

APPROVED BY: [signature] TITLE UIC Manager DATE 03/23/2022

Conditions of Approval (if any):

LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test Procedure			Project No.: 2375
	Milestone Environmental Services LLC			Date: March 16, 2022
				Page: 1 of 5
Well: Beaza SWD No. 1	State: NM	County: Lea	API: 30-025-49600	District: 1 (Hobbs)

INTRODUCTION:

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

The general scope of the work is as follows:

- If required by the District, a bradenhead test and mechanical integrity test (MIT) will be performed. The well must pass both tests before a SRT can be performed.
- Prior to testing, shut in the well long enough, but not less than 48 hours to ensure that the bottom hole pressure is at or near the shut-in formation pressure.
- Procure a minimum of eight (8) 500-bbl frac tanks
- Fill tanks with clean brine water from a client facility or third-party source
- MIRU pumps and iron
- MIRU WL unit and Perform gauge ring run
- TIH with BHP gauge to the mid-perf depth
- If wellbore is not full, fill with brine at 0.5 BPM
- Allow pressure to stabilize
- Step up rates as detailed in the Rate Schedule table
- Shut in well completely and record pressures for 30 minutes
- Conclude test and RDMO pumps and WL unit

OBJECTIVES

Perform a step-rate test that:

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

PREPARED BY	DATE	REVIEWED BY	DATE	APPROVED BY	DATE	Client Signature
JAM	03/16/2022	NLB	03/16/2022	WHG	03/16/2022	

LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test Procedure			Project No.: 2375
	Milestone Environmental Services LLC			Date: March 16, 2022
				Page: 2 of 5
Well: Beaza SWD No. 1	State: NM	County: Lea	API: 30-025-49600	District: 1 (Hobbs)

REGULATORY INFORMATION:

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

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

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

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

PREPARED BY	DATE	REVIEWED BY	DATE	APPROVED BY	DATE	Client Signature
JAM	03/16/2022	NLB	03/16/2022	WHG	03/16/2022	

LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test Procedure			Project No.: 2375
	Milestone Environmental Services LLC			Date: March 16, 2022
				Page: 3 of 5
Well: Beaza SWD No. 1	State: NM	County: Lea	API: 30-025-49600	District: 1 (Hobbs)

STEP-RATE TEST DETAILED PROCEDURE:

1. Once the operator has an approved Sundry Notice, notify appropriate OCD District office at least 72 hours prior to the scheduled SRT so that OCD personnel may be present to witness the test.
2. If required by the District, a bradenhead test and mechanical integrity test (MIT) will be performed. The well must pass both tests before an SRT can begin.
3. Prior to testing, shut in the well long enough, but not less than 48 hours to ensure that the bottom hole pressure is at or near the shut-in formation pressure
    a. Pressure should be recorded for the duration of the shut in to confirm stabilization
4. Set a minimum of eight (8) 500-bbl frac tanks (Enough to complete the planned test with contingency brine)
    a. Fill with a minimum of 4,000 bbls of clean brine water from a client facility or third-party source
5. RU pumps and iron
    a. MIRU kill trucks/frac pumps and lay iron
    b. Pumps, iron and flow control should be sized so that steps in rate will not create pressure or rate transients, other than those caused by the intended steps
6. If not already present, install flow meter(s) and surface pressure gauge capable of digitally recording injection rates and pressures
    a. Recording frequency of one second or less is ideal
    b. Pressure gauges and flow meters should have continuous readout for observation throughout test
    c. Ensure pressure gauges are recently calibrated and able to accommodate the full range of expected rates and pressures
7. MIRU WL
8. Perform gauge ring run
9. PU BHP gauge and RIH to the mid-perf depth, ensure the gauge is calibrated
10. Ensure the wellbore is full of brine before initiating the test
    a. If necessary, fill hole with brine at a constant rate of 0.5 BPM
    b. Once the well is full, stop pumping and allow the pressure to stabilize
11. Begin test at an injection rate of 0.5 BPM for 30 minutes
    a. **Surface injection pressure, bottomhole pressure, and injection rate must be digitally recorded for the duration of the test**
12. Step up rates per the table included below
    a. Surface pressure should not exceed 80% of the maximum pressure rating of the wellhead at any time
    b. Changes in flow rate must occur over as short of intervals as possible
    c. Injection rates should be controlled with a constant flow regulator
    d. All injection flow rates, including hole conditioning treatments prior to the test, must be documented on service company forms
    e. Re-fill frac tanks as needed
    f. A minimum of three fluid samples should be caught throughout the test, at the beginning, middle and end
        i. The density of the samples will be read by an in-house method
        ii. Fluid density will be reported to the OCD with SRT results

PREPARED BY	DATE	REVIEWED BY	DATE	APPROVED BY	DATE	Client Signature
JAM	03/16/2022	NLB	03/16/2022	WHG	03/16/2022	

LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test Procedure			Project No.: 2375
	Milestone Environmental Services LLC			Date: March 16, 2022
				Page: 4 of 5
Well: Beaza SWD No. 1	State: NM	County: Lea	API: 30-025-49600	District: 1 (Hobbs)

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

EQUIPMENT DESCRIPTION

- Surface Pressure Gauge with continuous readout and digital data recording
- Bottomhole Pressure Gauge with live surface readout and digital data recording
- In-line Flow Meter with a rate range that includes 0.5 BPM to 20 BPM

PREPARED BY	DATE	REVIEWED BY	DATE	APPROVED BY	DATE	Client Signature
JAM	03/16/2022	NLB	03/16/2022	WHG	03/16/2022	

LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test Procedure			Project No.: 2375
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				Page: 5 of 5
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RATE SCHEDULE

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

Step No.	Rate (BPM)	Rate (GPM)	Rate (BPD)	Duration (minutes)	Cumulative Injection (BBL)
1	0.5	21	720	30	15
2	1	42	1,440	30	45
3	2	84	2,880	30	105
4	4	168	5,760	30	225
5	6	252	8,640	30	405
6	8	336	11,520	30	645
7	10	420	14,400	30	945
8	12	504	17,280	30	1305
9	14	588	20,160	30	1725
10	16	672	23,040	30	2205
11	18	756	25,920	30	2745
12	20	840	28,800	30	3345

INJECTION HISTORY

This is a new well that has not yet commenced injection

WELL TREATMENT HISTORY

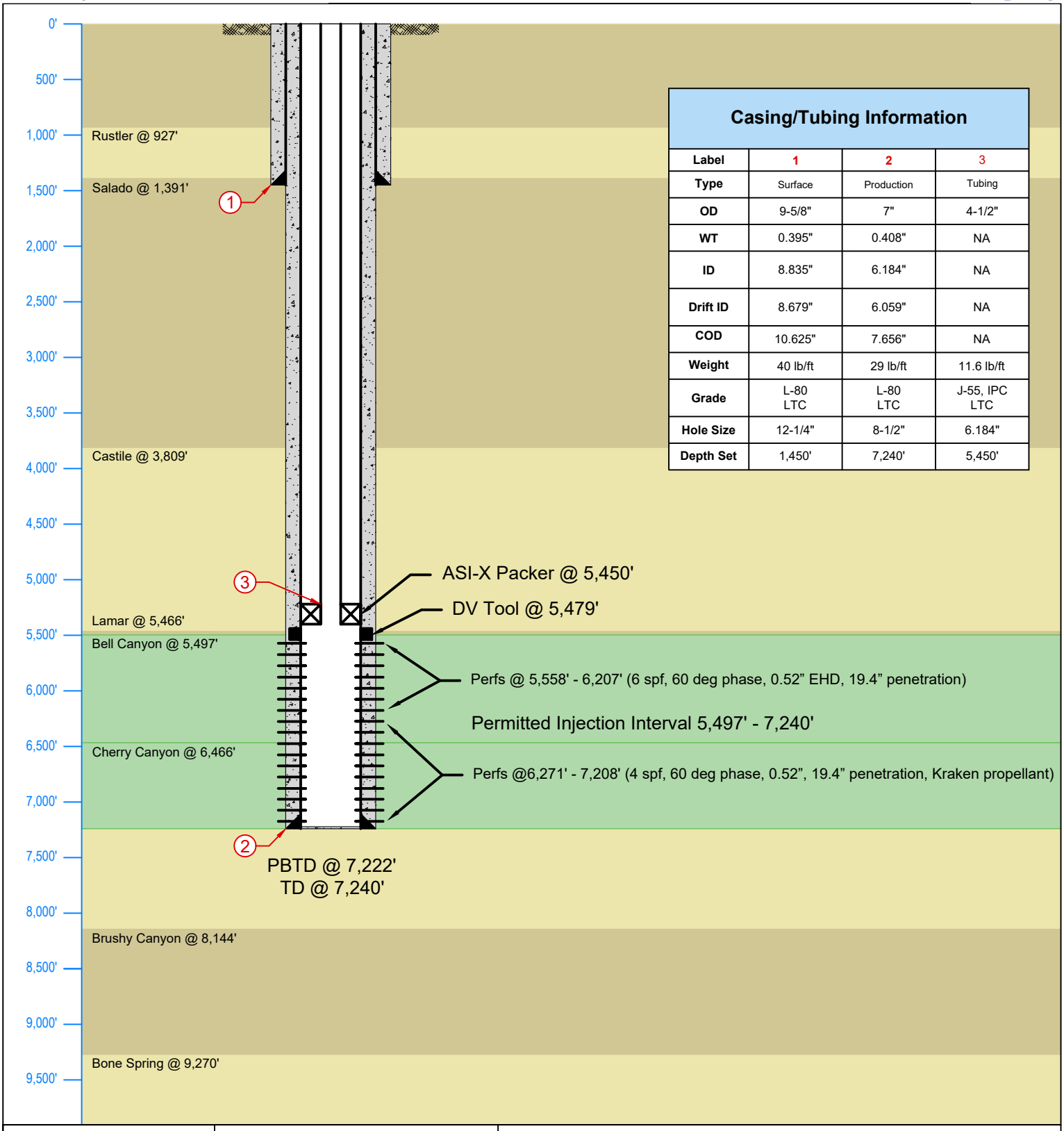
The Beaza SWD No. 1 was acidized in February 2022 with approximately 700 bbls of 15% HCL at a maximum pressure of 1,100 psi. The daily reports for the acid treatment are attached.

ATTACHMENTS

1. Wellbore Diagram
2. Acid Treatment Daily Reports

PREPARED BY	DATE	REVIEWED BY	DATE	APPROVED BY	DATE	Client Signature
JAM	03/16/2022	NLB	03/16/2022	WHG	03/16/2022	

Attachment No. 1
Wellbore Diagram



Casing/Tubing Information

Label	1	2	3
Type	Surface	Production	Tubing
OD	9-5/8"	7"	4-1/2"
WT	0.395"	0.408"	NA
ID	8.835"	6.184"	NA
Drift ID	8.679"	6.059"	NA
COD	10.625"	7.656"	NA
Weight	40 lb/ft	29 lb/ft	11.6 lb/ft
Grade	L-80 LTC	L-80 LTC	J-55, IPC LTC
Hole Size	12-1/4"	8-1/2"	6.184"
Depth Set	1,450'	7,240'	5,450'

LONQUIST & CO. LLC
PETROLEUM ENGINEERS | ENERGY ADVISORS
Texas License F-9147
12912 Hill Country Blvd. Ste F-200
Austin, Texas 78738
Tel: 512.732.9812
Fax: 512.732.9816

Milestone Environmental	Beaza SWD No. 1	
Country: USA	**State/Province:** New Mexico	**County/Parish:** Lea
Location: 160' FEL & 2,480' FNL of Unit H, Section 25, Township 24S, Range 34E		**District:** 1 (Hobbs)
API No: 30-025-49600	**Field:**	**Well Type/Status:** Disposal / New Drill
State ID No:	**Project No:** 1761	**Date:** 03/16/2022
Drawn: WHG	**Reviewed:** RH	**Approved:** RSC
Rev No: 3	**Notes:**	

Attachment No. 2
Acid Treatment Daily Reports

Beaza SWD No. 1

Operator: Milestone Environmental	**Project Number:** F2131	**Rig Contractor:**
Well API/SN: 30-025-49600	**PO Number:**	**Days on Location:** 12
Field:	**Spud Date:**	**Days from Spud:**
County/Parish: Lea	**Report Number:** 12	**RKB:**
State: NM	**Report Date:** 02-20-2022	**Current Depth:**
Company Man: Mike Zaunbrecher	**Cell Phone:** 337-581-6514	**Rig Phone:**

ACTIVITY LAST 24 HOURS

Footage: **Rotary Hours:** **ROP:** FPH

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

PLANNED ACTIVITY NEXT 24 HRS

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

Beaza SWD No. 1

Operator: Milestone Environmental	**Project Number:** F2131	**Rig Contractor:**
Well API/SN: 30-025-49600	**PO Number:**	**Days on Location:** 13
Field:	**Spud Date:**	**Days from Spud:**
County/Parish: Lea	**Report Number:** 13	**RKB:**
State: NM	**Report Date:** 02-21-2022	**Current Depth:**
Company Man: Mike Zaunbrecher	**Cell Phone:** 337-581-6514	**Rig Phone:**

ACTIVITY LAST 24 HOURS

Footage: **Rotary Hours:** **ROP:** FPH

FROM	TO	HOURS	DESCRIPTION
6:00	11:30	5:30	WAIT FOR BRINE TO ARRIVE ON LOCATION PRIOR TO PUMPING LAST ACID STAGE
11:30	12:00	0:30	BEGIN PUMPING FINAL ACID STAGE
12:00	12:30	0:30	SHUT DOWN DUE TO LEAKING SEAL ON 2" 1502 UNION. PURGE LINE WITH BRINE SODA ASH MIXTURE. REPLACE BAD SEAL.
		0:00	ABOUT 1 BBL OF 15% HCL SPILLED. (REPORTED TO MILESTONE, LONQUIST AND CUDD HSE)
12:30	14:00	1:30	CONTINUE PUMPING 178 BBLS (7500 GAL) OF 15% HCL SPOTTING ACROSS PERF'S F/6271' T/6440' @ 3 BBL/MIN AND 300 PSI
14:00	16:00	2:00	P.O.O.H. W/COIL TUBING; PURGE REEL WITH NITROGEN
16:00	17:00	1:00	RIG DOWN COIL TUBING AND BOP'S; INSTALL AND TORQUE BLIND FLANGE ON FLOW CROSS
17:00	17:30	0:30	PERFORM ABBREVIATED INJECTION TEST PUMPING DOWN 7" CSG HOLDING EACH RATE FOR 5 MIN.
		0:00	2BPM @ 130-130PSI / 4BPM @ 130-163PSI / 6BPM @ 261-774 PSI / 9BPM @ 960 - 980 PSI
17:30	18:30	1:00	RIG DOWN PUMP TRUCK AND FLOWBACK IRON. MOVE OUT EQUIPMENT. WELLBORE PRESSURE 350 PSI.
		0:00	
		0:00	
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		0:00	
		0:00	
		12:30	**TOTAL HOURS**

PLANNED ACTIVITY NEXT 24 HRS

RELEASE ACID TANKS, OPEN TOP, BOOSTER PUMP AND FLOWBACK. DETERMINE PATH FORWARD FOR COMPLETION AND TESTING.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 91339

CONDITIONS

Operator: Milestone Environmental Services, LLC 15721 Park Row Houston, TX 77084	OGRID: 328435
	Action Number: 91339
	Action Type: [C-103] NOI General Sundry (C-103X)

CONDITIONS

Created By	Condition	Condition Date
pgoetze	None	3/23/2022