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 CANYON

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 a proposed step-rate test procedure for the Beaza SWD No. 1. This test is being performed to meet the permit conditions as described in Order No. R-21441.

Spud Date: 12/16/2021 Rig Release Date: 3/19/2022

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

SIGNATURE Ramona K. Hovey TITLE Consulting Engineer DATE 2/2/2024

Type or print name Ramona K. Hovey E-mail address: ramona@lonquist.com PHONE: 512-600-1777

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any):

LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test and Injection Profile Procedure			Project No.: F2366
	Milestone Environmental Services LLC			Date: January 22, 2024
				Page: 1 of 7
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 as required according to permit conditions and possibly 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:

- Prior to testing, shut in the well for 36 to 48 hours to ensure that the bottom hole pressure is at or near the shut-in formation pressure.
- Procure a minimum of (18) 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 pressure fall-off
- POOH with BHP gauge and RIH spinner tool
- Pump at 3 bpm while conducting injectivity log across perforated interval
- 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. Confirms well behavior witnessed in previous step rate tests
3. Record fall-off pressure for an extended duration

PREPARED BY	DATE	REVIEWED BY	DATE	APPROVED BY	DATE	Client Signature
ECS	01/16/24	WHG	01/16/24			

LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test and Injection Profile Procedure			Project No.: F2366
	Milestone Environmental Services LLC			Date: January 22, 2024
				Page: 2 of 7
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.

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ECS	01/16/24	WHG	01/16/24			

LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test and Injection Profile Procedure			Project No.: F2366
	Milestone Environmental Services LLC			Date: January 22, 2024
				Page: 3 of 7
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. Complete Bradenhead Test and Mechanical Integrity Test if required
3. Prior to testing, shut in the well for 36 to 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 (18) 500-bbl frac tanks (Enough to complete the planned test with contingency brine)
    a. Fill with a minimum of 9,000 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
        i. (2) 3” iron packages with risers up to goat head
    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
    a. Make note of top of fill
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 and check to make sure pressures are stabilized
    a. **Surface injection pressure, bottomhole pressure, and injection rate must be digitally recorded for the duration of the test**
    b. **If pressures are not stabilized, continue pumping until pressures have flatlined. Modify the pump schedule to incorporate the same step time on each stage**
    c. **SRT pump schedules and volumes were drafted for 30 minute and 60 minute steps**
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. Haul additional brine as needed

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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

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 an extended duration
    c. Monitor for fracture closure and/or original reservoir pressure
14. Conclude SRT
15. POOH with BHP gauge
16. LD BHP logging tool and MU flow rate spinner tool
17. RIH to 200' above top perforation
18. Begin pumping at 3 bpm and conduct injectivity profile test
    a. Maintain continuous flowrate
19. Conduct dynamic injectivity analysis
    a. RIH @ 30'/min down 200' below the bottom perf and log the same speed back to 200' above the top perf
    b. RIH @ 60'/min down 200' below the bottom perf and log the same speed back to 200' above the top perf
    c. RIH @ 90'/min down 200' below the bottom perf and log the same speed back to 200' above the top perf
    d. RIH @ 120'/min down 200' below the bottom perf and log the same speed back to 200' above the top perf
        i. If well has fill, log to top off fill and back
20. Use information from dynamic passes and conduct stops at flow change depths
21. Shut in surface pumps and POOH with wireline
22. RDMO WL and surface pumps
23. The completed SRT and Injection Profile 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. Injection Profile well logs and interpretation
    g. Current well completion diagram.
    h. Copy of the order authorizing the injection into the well.

EQUIPMENT DESCRIPTION

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

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LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test and Injection Profile Procedure			Project No.: F2366
	Milestone Environmental Services LLC			Date: January 22, 2024
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Well: Beaza SWD No. 1	State: NM	County: Lea	API: 30-025-49600	District: 1 (Hobbs)

RATE SCHEDULE

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

Step No.	Injection Rate			Duration (minutes)	Stage Volume (BBL)	Cumulative Volume (BBL)
	BPM	GPM	BPD			
1	0.5	21	720	30	15	30
2	0.75	31.5	1080	30	22.5	52.5
3	1	42	1440	30	30	82.5
4	1.5	63	2160	30	45	127.5
5	2	84	2880	30	60	187.5
6	3	126	4320	30	90	277.5
7	5	210	7200	30	150	427.5
8	8	336	11520	30	240	667.5
9	11	462	15840	30	330	997.5
10	14	588	20160	30	420	1417.5
11	17	714	24480	30	510	1927.5
12	20	840	28800	30	600	2527.5
13	23	966	33120	30	690	3217.5
14	26	1092	37440	30	780	3997.5

Pump schedule and volumes w/ 30-minute steps

PREPARED BY	DATE	REVIEWED BY	DATE	APPROVED BY	DATE	Client Signature
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LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	**Step Rate Test and Injection Profile Procedure**			**Project No.:** F2366
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Well: Beaza SWD No. 1	**State:** NM	**County:** Lea	**API:** 30-025-49600	**District:** 1 (Hobbs)

Step No.	Injection Rate			Duration (minutes)	Stage Volume (BBL)	Cumulative Volume (BBL)
	BPM	GPM	BPD			
1	0.5	21	720	60	30	30
2	0.75	31.5	1080	60	45	75
3	1	42	1440	60	60	135
4	1.5	63	2160	60	90	225
5	2	84	2880	60	120	345
6	3	126	4320	60	180	525
7	5	210	7200	60	300	825
8	8	336	11520	60	480	1305
9	11	462	15840	60	660	1965
10	14	588	20160	60	840	2805
11	17	714	24480	60	1020	3825
12	20	840	28800	60	1200	5025
13	23	966	33120	60	1380	6405
14	26	1092	37440	60	1560	7965

Pump schedule and volumes w/ 60-minute steps

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LONQUIST & CO. LLC PETROLEUM ENGINEERS ENERGY ADVISORS	Step Rate Test and Injection Profile Procedure			Project No.: F2366
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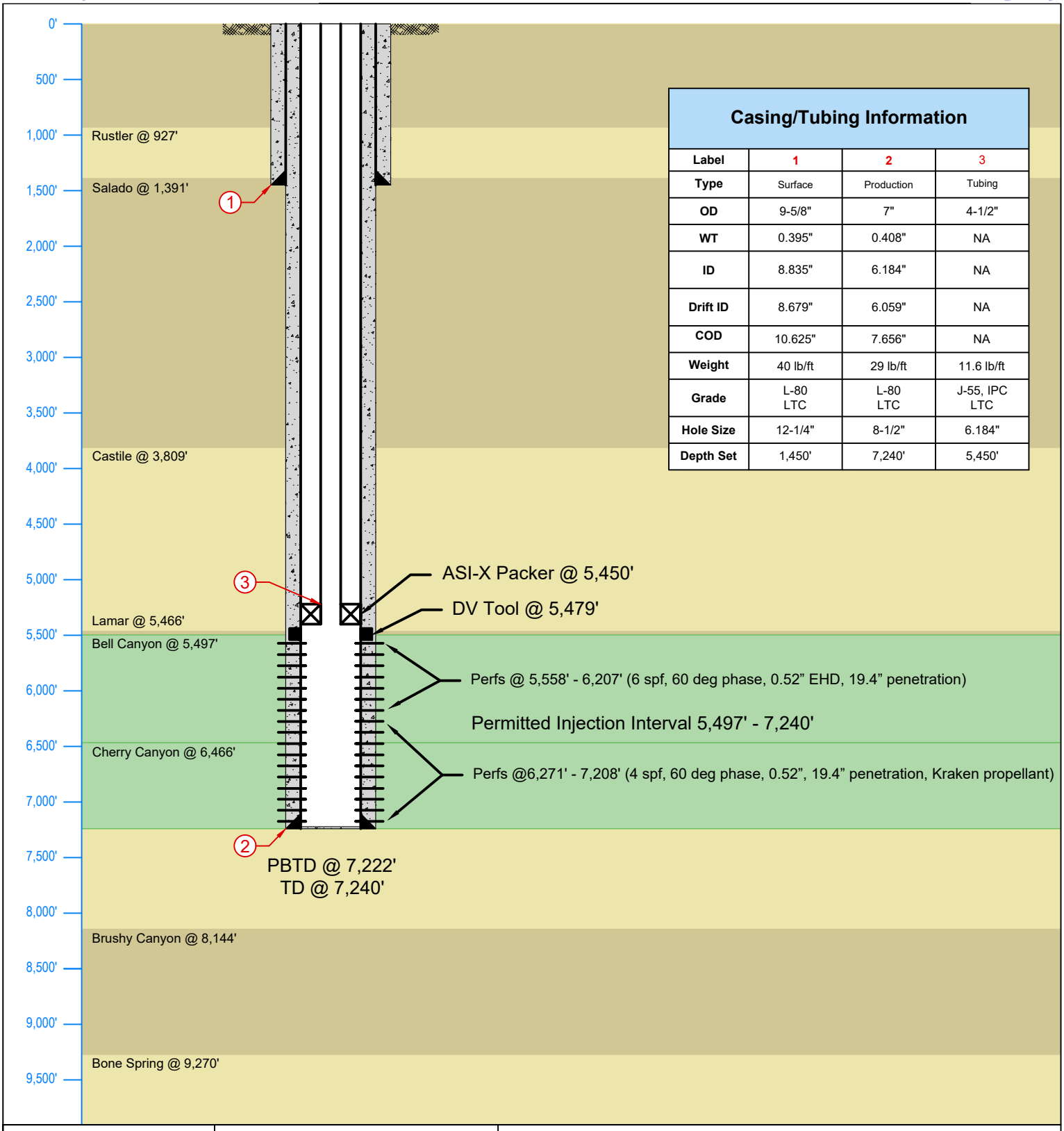
Well: Beaza SWD No. 1	State: NM	County: Lea	API: 30-025-49600	District: 1 (Hobbs)

ATTACHMENTS

1. Wellbore Diagram

PREPARED BY	DATE	REVIEWED BY	DATE	APPROVED BY	DATE	Client Signature
ECS	01/16/24	WHG	01/16/24			



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:**	

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 310998

CONDITIONS

Operator: Milestone Environmental Services, LLC 840 Gessner Road Houston, TX 77024	OGRID: 328435
	Action Number: 310998
	Action Type: [C-103] Sub. General Sundry (C-103Z)

CONDITIONS

Created By	Condition	Condition Date
mgebremichael	The well shall be shut-in for 48 hours before commencing the initial injection for the test.	2/15/2024