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 1220 S. St. Francis Dr., Santa Fe, NM
 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

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

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

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

NOTICE OF INTENTION TO:		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: ☐		OTHER: Quarterly Injection Data Reports ☒	

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

INDEPENDENCE AGI #1 AND AGI #2- Quarterly Report (Q4) from October 1, 2023 through December 31, 2023

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

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

This report includes the data and analysis of surface injection pressure, treated acid gas (TAG) temperature, tubing annular pressure, as well as down-hole injection pressure and temperature (i.e., "injection parameters") for the Independence AGI #1 and AGI #2 wells for Q4 2023. In this reporting period, a prolonged shutdown of the Dark Horse Treatment Facility occurred, beginning on November 22, 2023, and is continuing at the time of this report. To ensure the AGI wells are properly prepared for a prolonged shut-in period (2-3 months), Piñon has taken action to isolate and block in the wells, at the surface and via the down-hole subsurface safety valve, has locked out all equipment and valves near the AGI wells, and has loaded the AGI injection tubing with methanol to ensure there is no accumulation of free water and to minimize the potential for the development of corrosive conditions.

Prior to the period of total facility shutdown (October 1 through November 22, 2024), the AGI #1 and AGI #2 wells were both operated concurrently with the majority of TAG being injected via the Independence AGI #1 (4.22 MMSCFD). TAG was injected via the Independence AGI #2 at an average rate of 2.31 MMSCFD. Injection parameter trends over this partial Q4 period of operations continued to demonstrate AGI well operational stability, excellent mechanical integrity, and reliable storage capacity within the approved injection interval.

Detailed analysis of all injection parameter trends demonstrates the AGI #1 and AGI #2 wells have operated normally and as intended during the Q4 period. The total TAG volume sequestered via the AGI #1 and #2 wells (339,498 MMSCF) has decreased, owing to the extended period in which the wells were not operated. This volume reflects an approximate 41% decrease in total TAG injected. AGI operating parameters over this period have continued to exhibit normal trends and behaviors as anticipated in response to the operating conditions over the Q4 period. These data are plotted in detail in the attached Figures 1-10 and clearly demonstrate the adequacy of the Siluro-Devonian injection reservoir to accommodate the disposal needs of Piñon. The following average values represent the operational conditions for the wells.

Independence AGI #1 (API: 30-025-48081)

Surface Measurements: Avg. TAG Inj. Pressure – 2,244 psig, Avg. Annular Pressure – 221 psig, Avg. Differential Pressure – 1,967 psig, Avg. TAG Temperature – 134 °F, Avg. TAG Injection Rate – 2,183 barrels per day (approx. 4.22 MMSCFD).
Down-hole Measurements: Avg. Bottom-hole Pressure – 7,721 psig, Avg. Bottom-hole Temperature – 182 °F.

Independence AGI #2 (API: 30-025-49974)

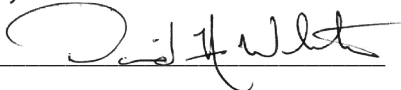
Surface Measurements: Avg. TAG Inj. Pressure – 2,244 psig, Avg. Annular Pressure – 287 psig, Avg. Differential Pressure – 1,903 psig, Avg. TAG Temperature – 131 °F, Avg. TAG Injection Rate – 1,161 barrels per day (approx. 2.31 MMSCFD). Down-hole Measurements: Avg. Bottom-hole Pressure – 8,041 psig, Avg. Bottom-hole Temperature – 167 °F.

While both AGI wells were operated during the Q4 period, the AGI #1 well continued to be the primary recipient of acid gas, sequestering TAG at an average injection rate of 4.22 MMSCFD. All injection parameters for AGI #1 and AGI #2 confirm the wells are operating normally, and available bottom-hole pressure and temperature trends indicate an adequately performing injection reservoir. For operations during the Q4 2023 period, continuous bottom-hole conditions were recorded for AGI #1 up until the period of total facility shutdown (on November 22, 2023), however, Piñon is currently experiencing technical issues with the surface control panel for the AGI #2 well, which ceased to record data following a planned 24-hour facility shutdown (on October 24, 2023). Piñon and Geolex are currently working with Halliburton technicians to resolve the data collection issue for AGI #2 and acquire critical spare components and anticipate having the recording issues resolved prior to the recommencement of operations at the Dark Horse Facility.

Mechanical integrity testing (MIT) and bradenhead testing (BHT) activities for the AGI #1 and AGI #2 wells were successfully performed on October 31, 2023, fulfilling the testing requirements for calendar year 2023. The tests were witnessed by NMOCD District 1 staff (G. Robinson), and the associated reports of testing activities were approved on December 14, 2023.

Over the Q4 2023 period, the Independence AGI #1 and #2 wells have exhibited excellent performance, as demonstrated by all injection parameter trends (Figures 1-10). Data recorded exhibit the anticipated correlative behavior of annular pressure with the flow rate, injection pressure, and temperatures, which confirms that the wells have good integrity and are functioning within the requirements of their respective NMOCC and NMOCD Orders. Furthermore, operating data clearly demonstrate that the Siluro-Devonian injection reservoir conditions are adequate in accommodating the current TAG disposal needs of the facility, and no current indicators of reservoir performance degradation are observed.

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

SIGNATURE  TITLE Consultant to Piñon DATE 01/26/2024

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

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any): _____

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

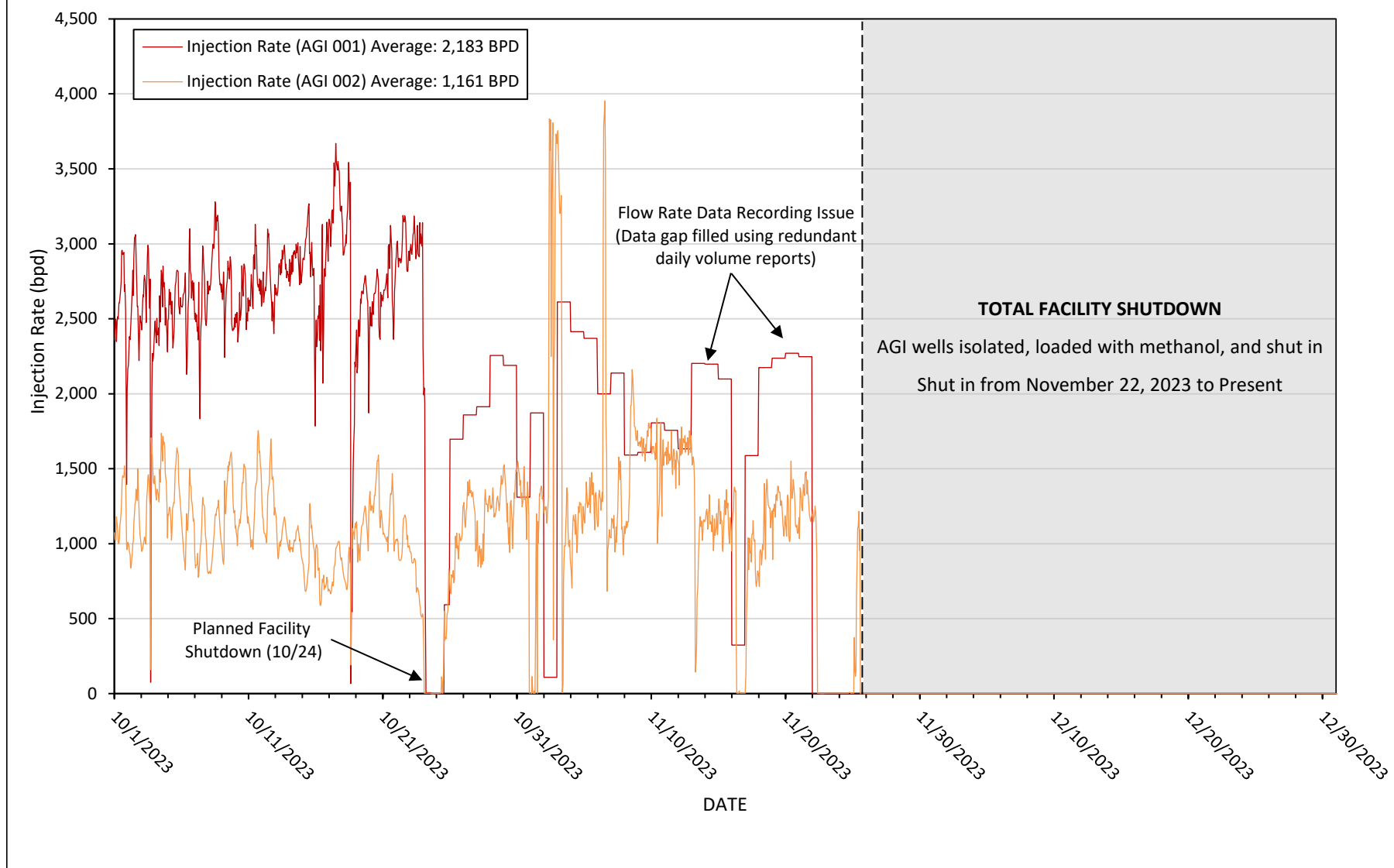


FIGURE 2. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE,
ANNULAR PRESSURE, AND INJECTION RATE

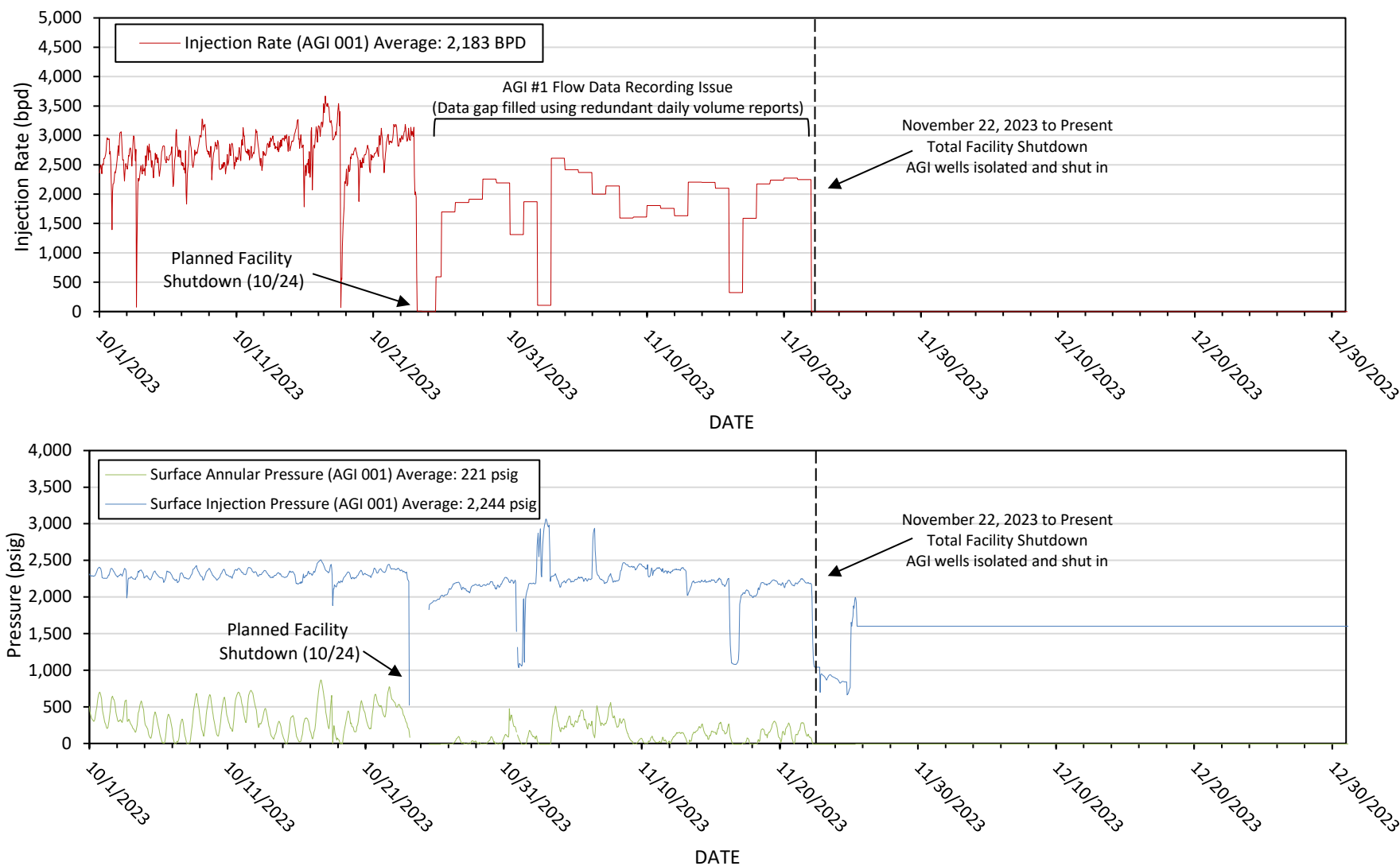


FIGURE 3. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

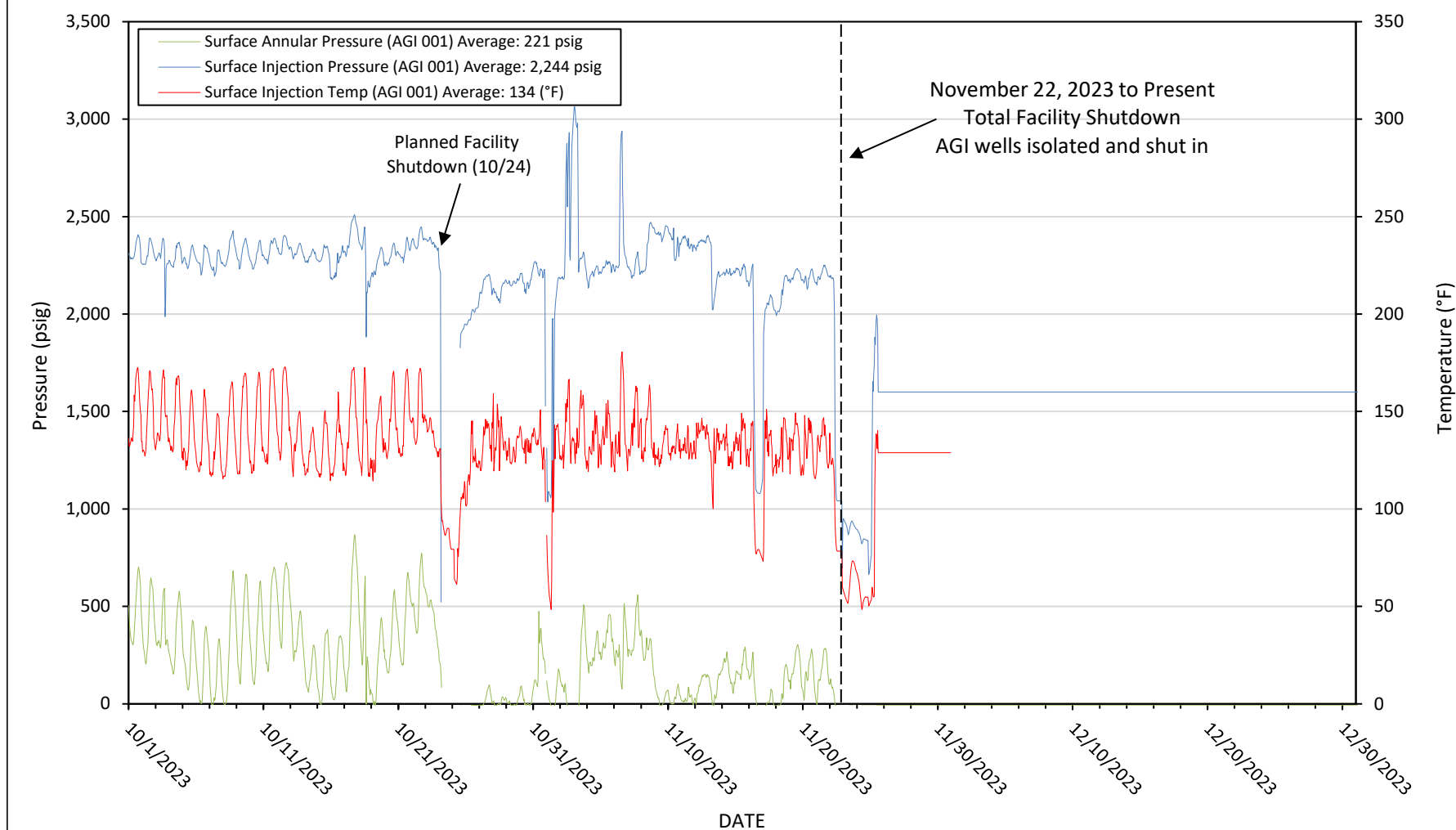


FIGURE 4. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE
AND BOTTOM-HOLE PRESSURE

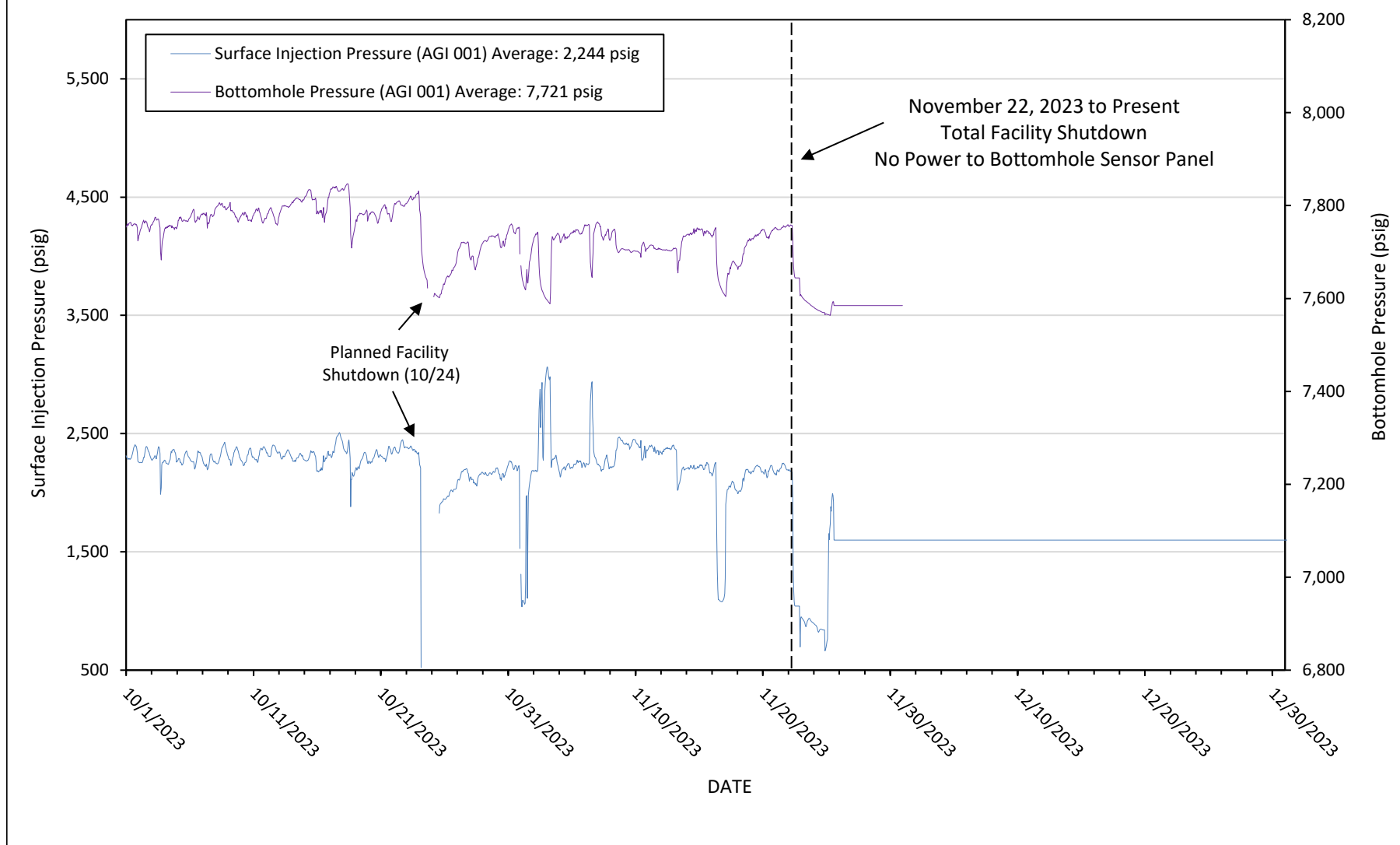


FIGURE 5. INDEPENDENCE AGI #1 BOTTOM-HOLE PRESSURE AND TEMPERATURE

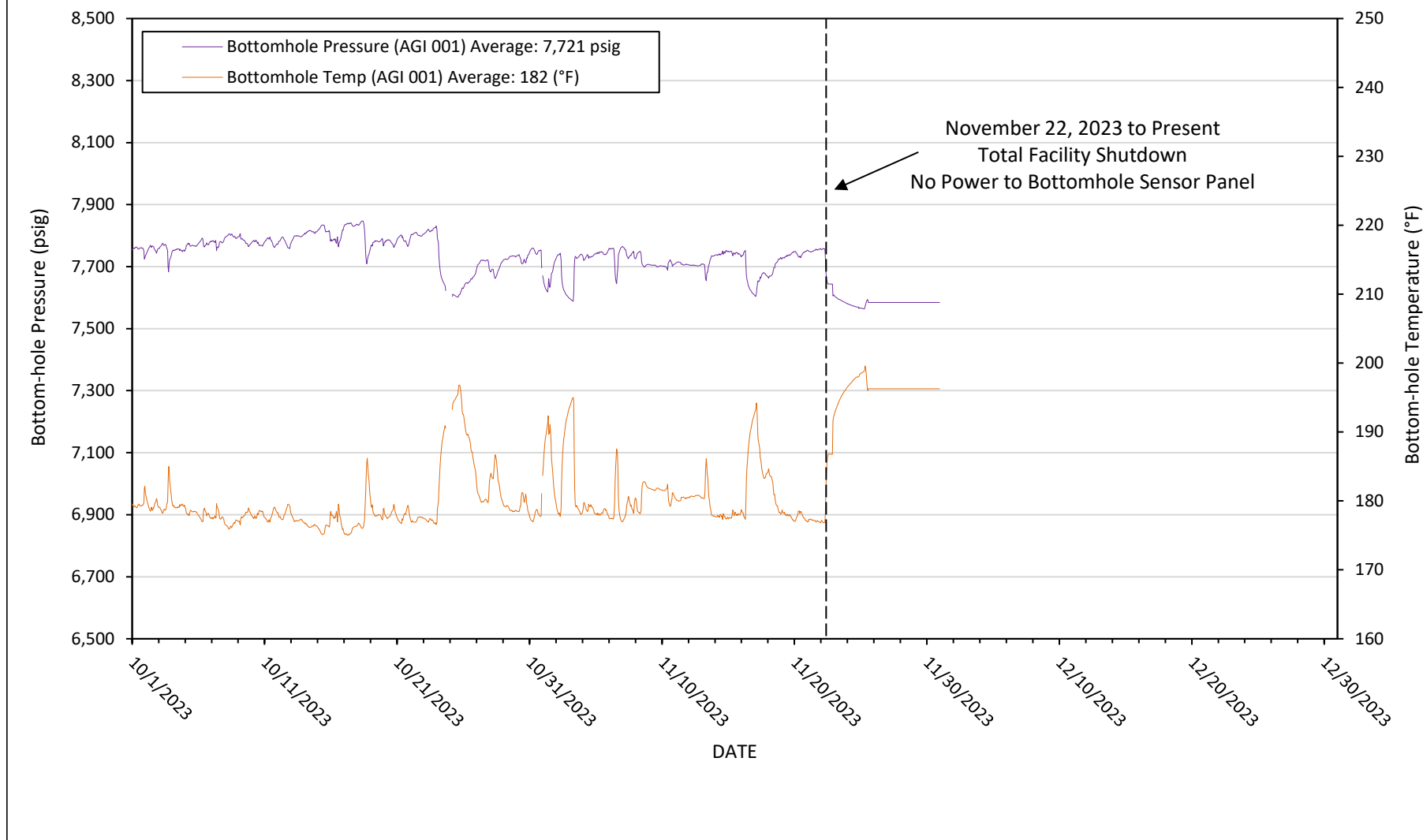


FIGURE 6. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE,
ANNULAR PRESSURE, AND INJECTION RATE

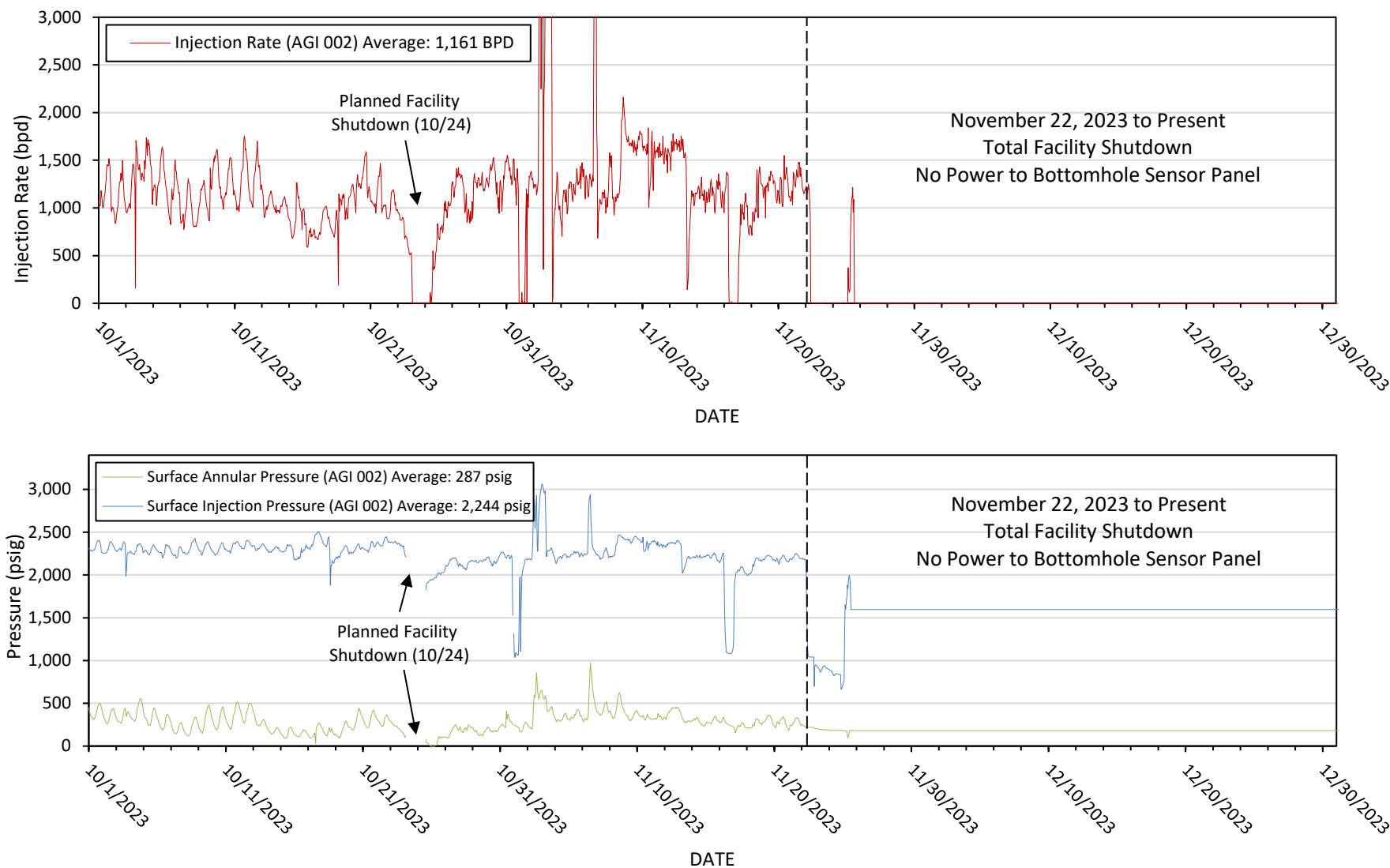


FIGURE 7. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

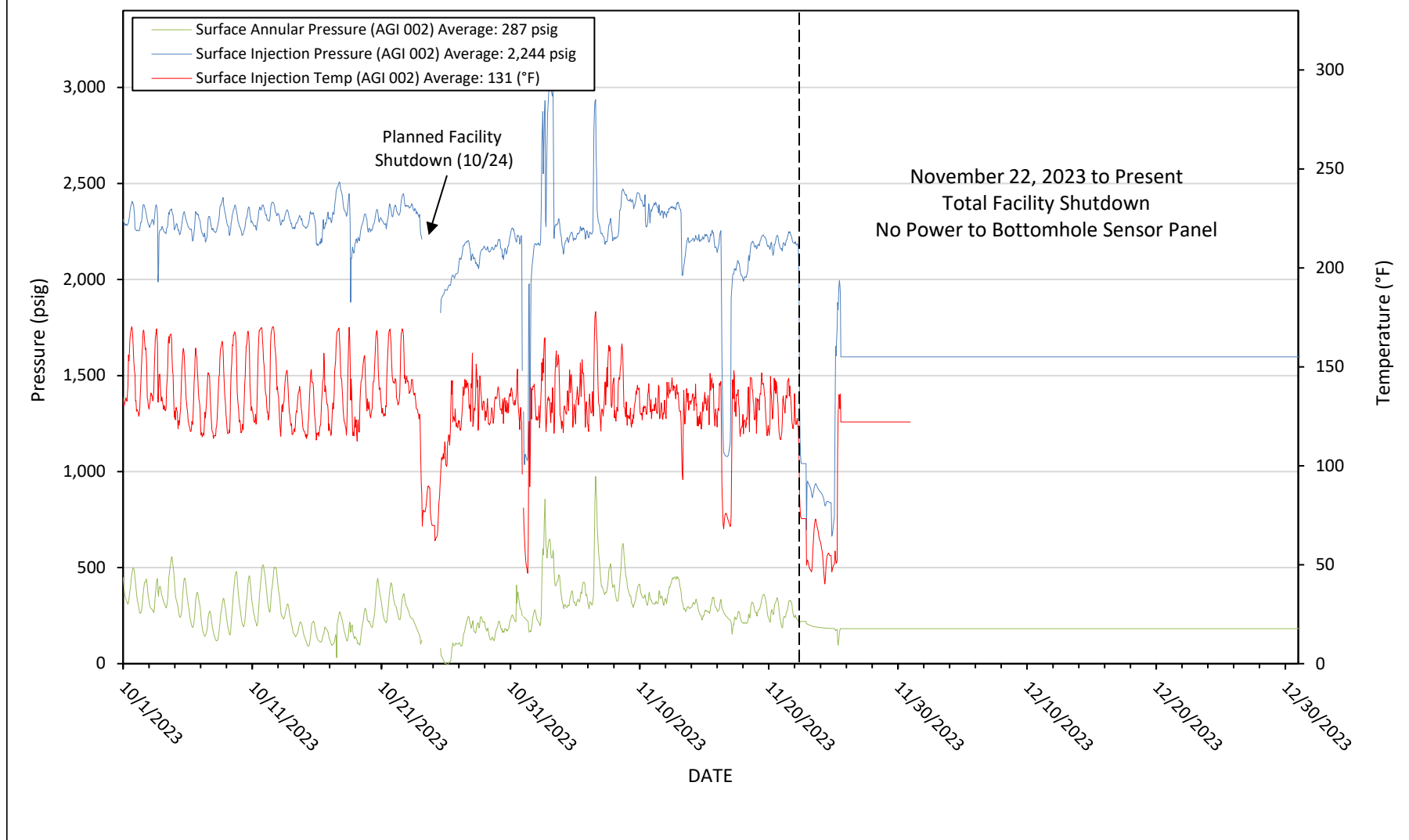


FIGURE 8. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE
AND BOTTOM-HOLE PRESSURE

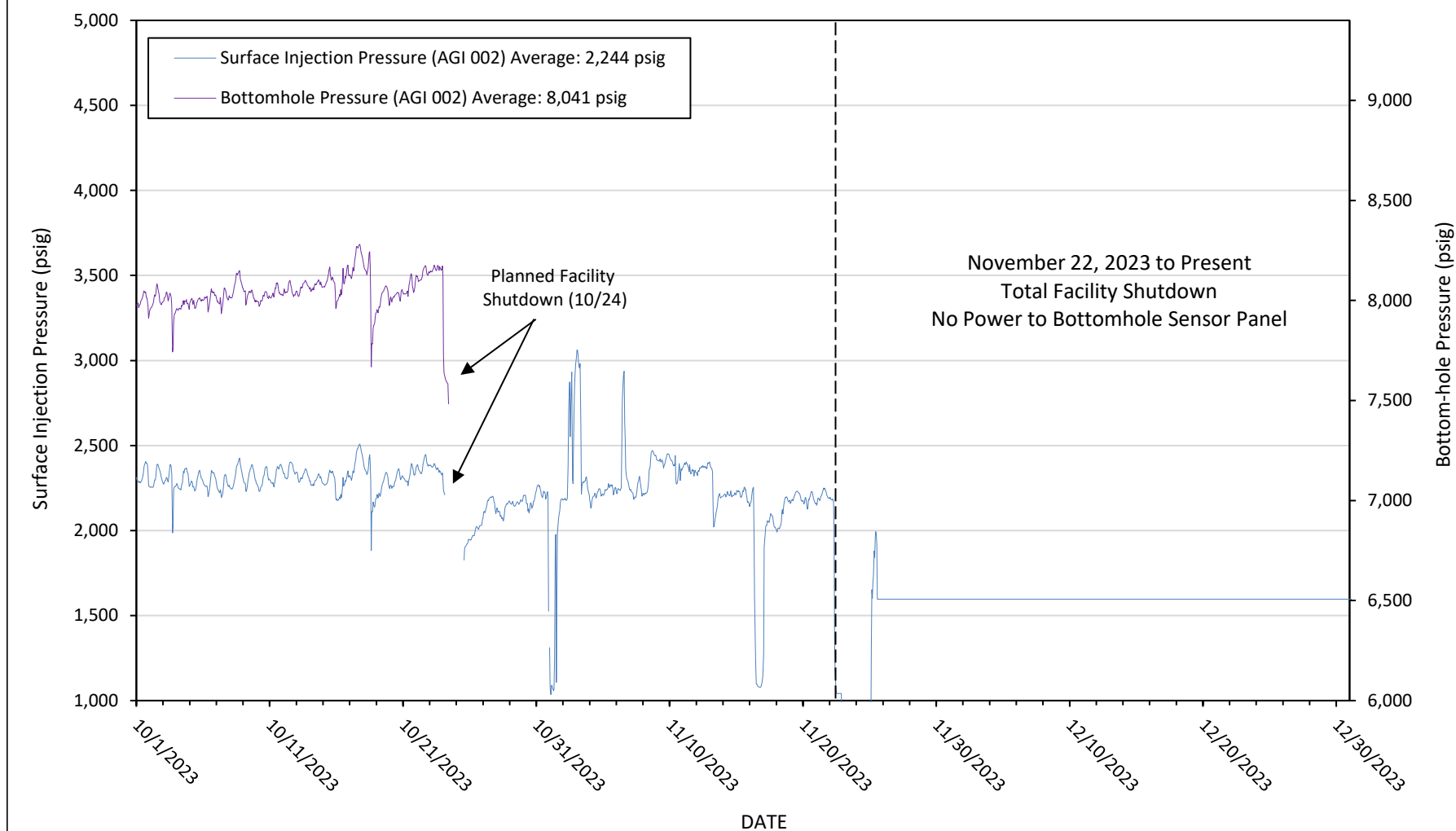


FIGURE 9. INDEPENDENCE AGI #2 BOTTOM-HOLE PRESSURE AND TEMPERATURE

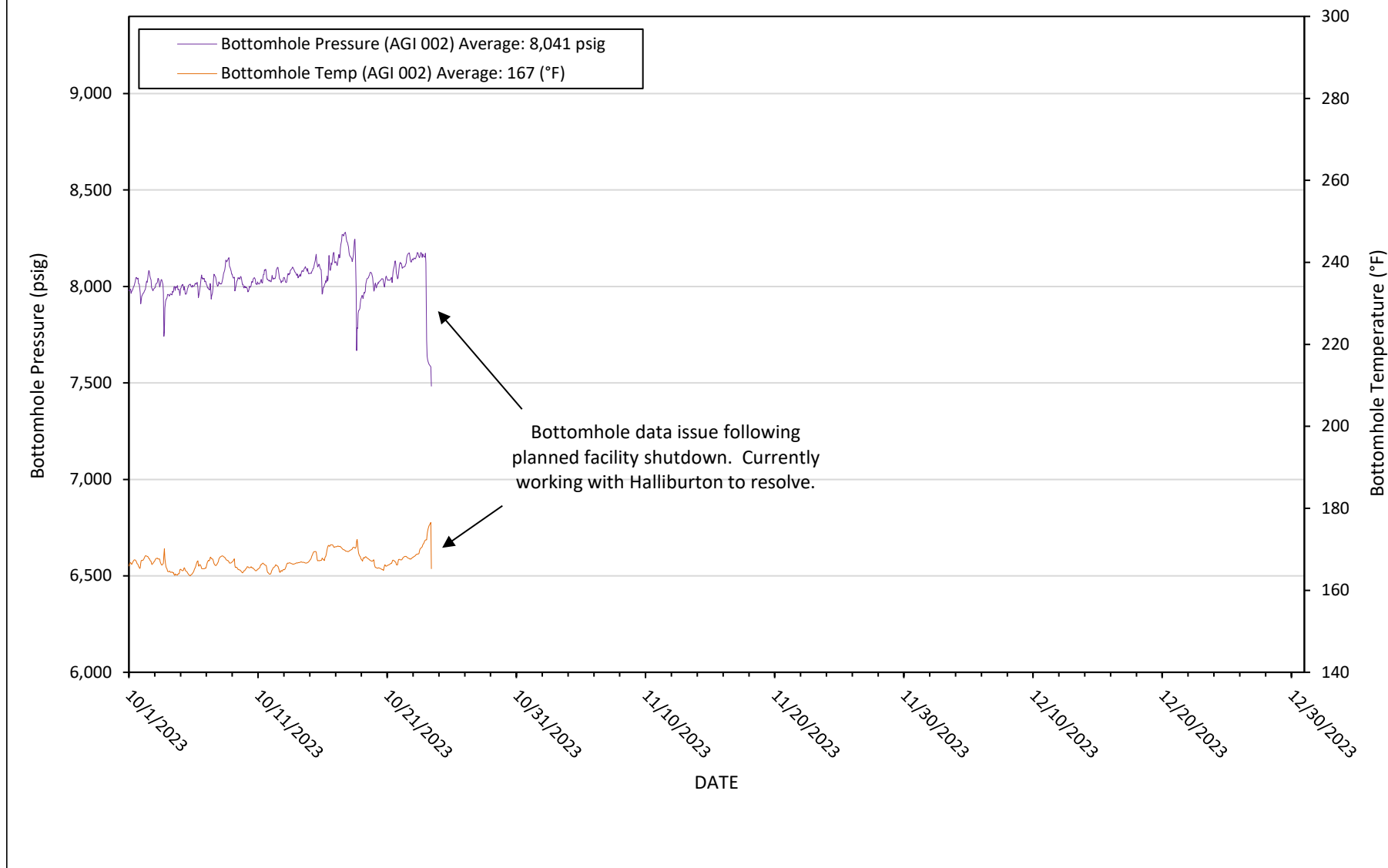
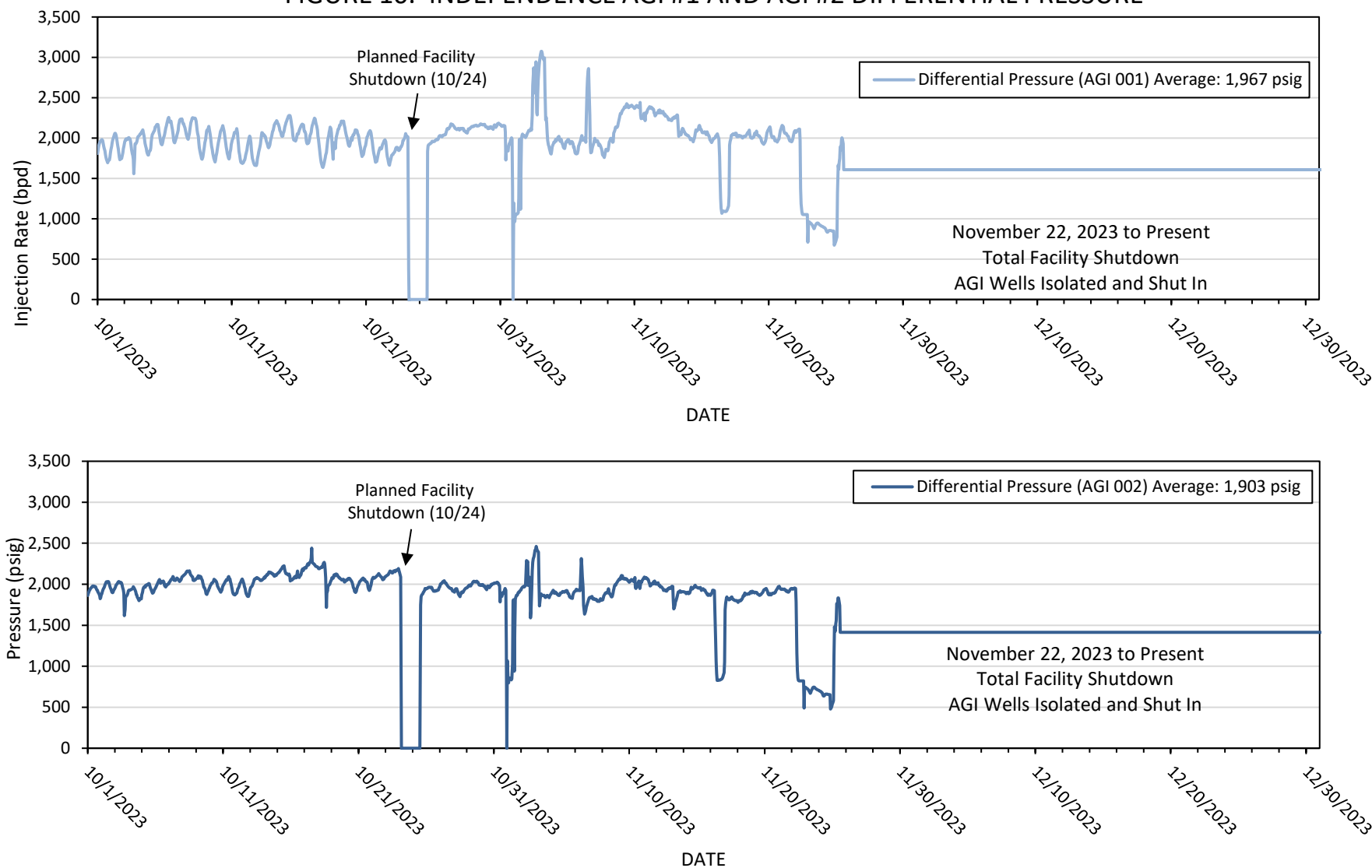


FIGURE 10. INDEPENDENCE AGI #1 AND AGI #2 DIFFERENTIAL PRESSURE

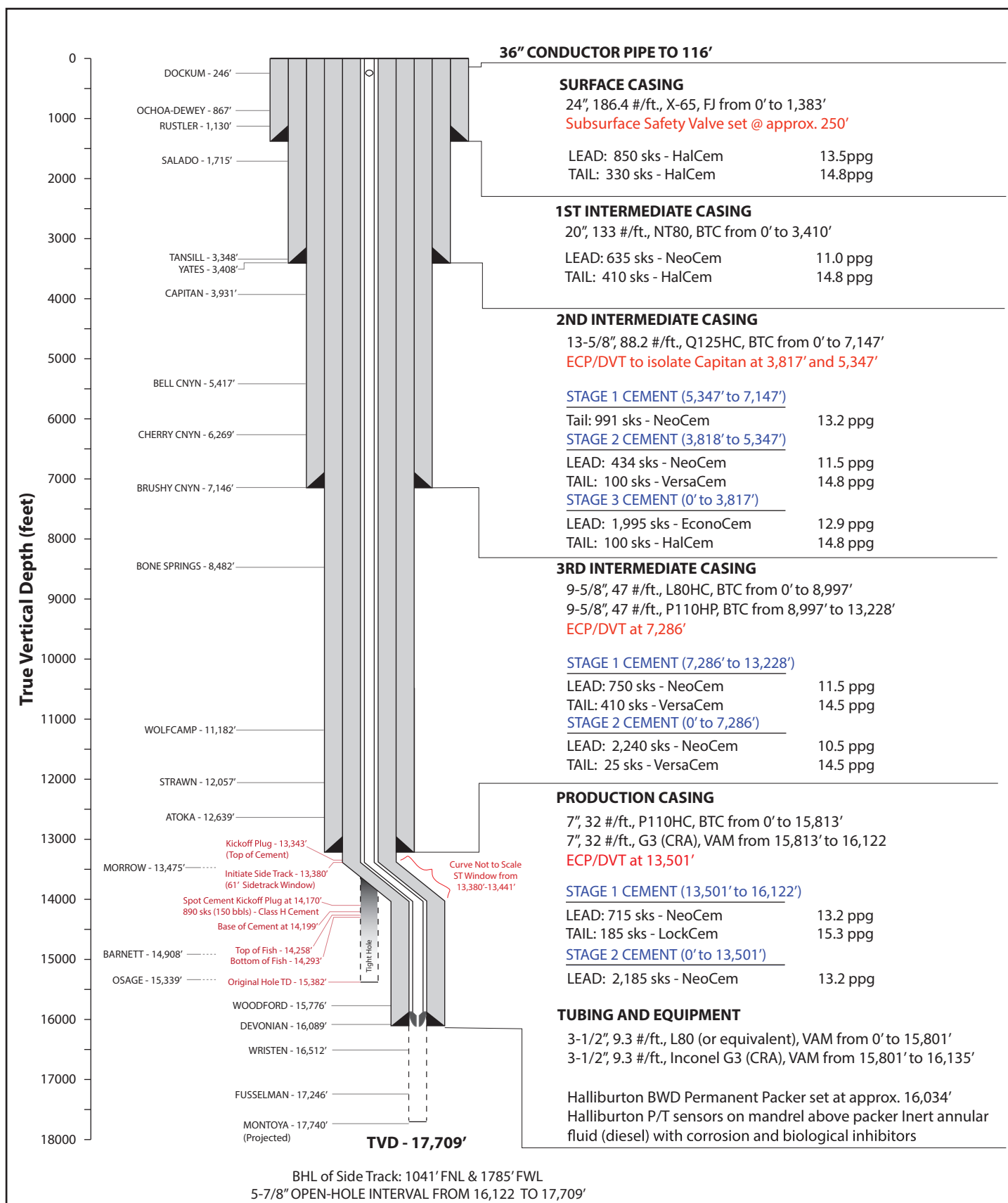


**INDEPENDENCE AGI #1**

UL C - S20 - T25S - R36E

API: 30-025-48081

Lat: 32.120855, Long: -103.291021

GEOLEX
INCORPORATED

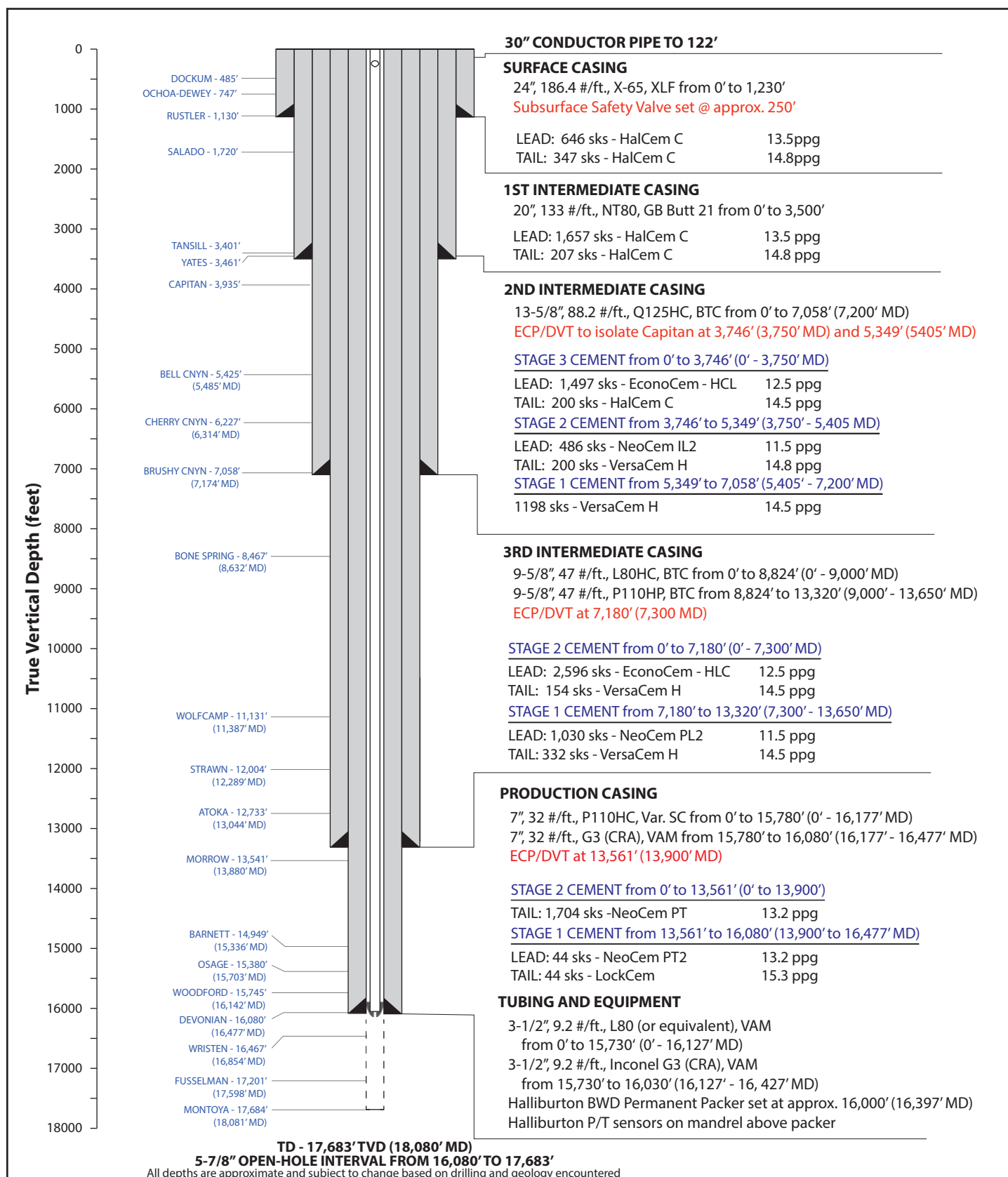
As-drilled well schematic consisting of a surface string of casing, three intermediate strings, and a production string with associating tubing/equipment and cement types. Original hole and sidetrack are shown.

**INDEPENDENCE AGI #2**

UL C - S20 - T25S - R36E

API: 30-025-49974

Lat: 32.1200628, Long: -103.2910251

GEOLEX
INCORPORATED


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

10/12/2020

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Santa Fe, NM 87505

CONDITIONS

Action 312645

CONDITIONS

Operator: Pinon Midstream LLC 465 W. NM Highway 128 Jal, NM 88252	OGRID: 330718
	Action Number: 312645
	Action Type: [C-103] Sub. General Sundry (C-103Z)

CONDITIONS

Created By	Condition	Condition Date
anthony.harris	None	2/22/2024