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.
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.

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: INDEPENDENCE AGI

1. Type of Well: Oil Well ☐ Gas Well ☐ Other ■ ACID GAS INJECTION

8. Well Number: 1 & 2

2. Name of Operator: Pinon Midstream, LLC

9. OGRID Number: 330718

3. Address of Operator: 465 W NM Highway 128; Jal, NM 88252

10. Pool name or Wildcat: AGI: Devonian/Fusselman

4. Well Location
AGI #1 Unit Letter C : 829 feet from the NORTH line and 1,443 feet from the WEST line
AGI #2 Unit Letter C : 1,110 feet from the NORTH line and 1,443 feet from the WEST line
Section 20 Township 25S Range 36E NMPM County LEA

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 (Q1) from January 1, 2024 through March 31, 2024
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 Q1 2024. In this reporting period, a prolonged shutdown of the Dark Horse Treatment Facility occurred, beginning on November 25, 2023, and has continued for the full duration of the Q1 2024 period. No injection occurred during Q1 via either AGI well at the facility. Immediately following the November 2023 facility shutdown, the AGI wells were properly shut in by Pinon personnel. Specifically, the wells were isolated and blocked in, at the surface and via the down-hole subsurface safety valve, all equipment and valves near the AGI wells was locked out, and the wells injection tubing were loaded with methanol to ensure there is no accumulation of free water and to minimize the potential for the development of corrosive conditions.

As stated above, the Independence AGI #1 and #2 wells remained inactive over the Q1 2024 period and no injection of acid gas has occurred. During this period, surface activities to prepare the treatment facility to return to service were ongoing. As such, AGI sensors were commonly unpowered and typical AGI parameters were not available for analysis, however, routine monitoring of analog pressure gauges was conducted to ensure there were no changes in the shut-in status of the Independence AGI #1 and #2 wells.

While sensors monitoring AGI parameters were often unpowered during the Q1 period, analog gauge monitoring and instances in which power was restored provide insight and confirmation of the secured shut-in status of the AGI wells. Furthermore, recorded bottom-hole conditions while inactive provide an opportunity to further assess the impact of AGI well operations in the area and confirm the suitability of the Siluro-Devonian injection reservoir. Though data are reflective of shut-in status (i.e., SSSV activated), the following average values represent the shut-in conditions for the Independence AGI wells, and Q1 data are provided in the attached Figures 1 through 10.

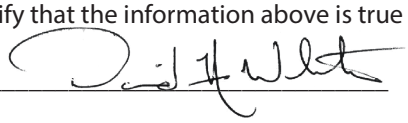
Independence AGI #1 (API: 30-025-48081)
Surface Measurements: Avg. TAG Inj. Pressure – 1,600 psig (SHUT IN BY SSSV), Avg. Annular Pressure – -9 psig,
Avg. Differential Pressure – 1,609 psig (SHUT IN BY SSSV), Avg. TAG Temperature – Not Available,
Avg. TAG Injection Rate – 0 barrels per day.
Down-hole Measurements: Avg. Bottom-hole Pressure – 7,454 psig, Avg. Bottom-hole Temperature – 213 °F.

Independence AGI #2 (API: 30-025-49974)
Surface Measurements: Avg. TAG Inj. Pressure – 1,597 psig (SHUT IN BY SSSV), Avg. Annular Pressure – 182 psig,
Avg. Differential Pressure – 1,415 psig (SHUT IN BY SSSV), Avg. TAG Temperature – Not Available,
Avg. TAG Injection Rate – 0 barrels per day.
Down-hole Measurements: Avg. Bottom-hole Pressure – 7,519 psig, Avg. Bottom-hole Temperature – 218 °F.

Data collected over the Q1 period, and routine inspection by Pinon confirms the stable shut-in status of the AGI wells. Additionally, bottom-hole pressure and temperature data, recorded for AGI #2, provide a limited opportunity to characterize current stable reservoir conditions. These data suggest that the Independence AGI wells have had minimal impact on the Siluro-Devonian injection reservoir pressure conditions. During the Q1 period, the AGI #2 bottom-hole sensors were powered over a longer duration of well inactivity and have been critical in documenting the current pressure characteristics of the Siluro-Devonian interval. Specifically, these data indicate a current pressure gradient of approximately 0.459 psi/ft., which reflects only a slight increase from conditions previously recorded, by wireline survey, prior to the commencement of AGI #2 injection (Approx. 0.457 psi/ft.). Based on this recent observation of the evolution of reservoir pressure conditions, there are no concerns or indications that the permitted injection volume for the AGI wells cannot be sustained under the current injection pressure limitations.

Over the Q1 2024 period, the Independence AGI #1 and #2 wells have remained inactive and no injection operations have occurred. Additionally, the wells have been routinely monitored to confirm they have remained safely shut in while concurrent construction activities have been occurring to bring the treatment facility back in service. Overall, the Independence AGI #1 and #2 wells continue to exhibit good integrity and are functioning within the requirements of their respective NMOCC and NMOCD Orders. Furthermore, data clearly demonstrate that the Siluro-Devonian injection reservoir conditions are adequate in accommodating the current TAG disposal needs of the facility, and exhibits no current indicators of reservoir performance degradation.

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

SIGNATURE  TITLE Consultant to Pinon DATE 04/26/2024

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

For State Use Only

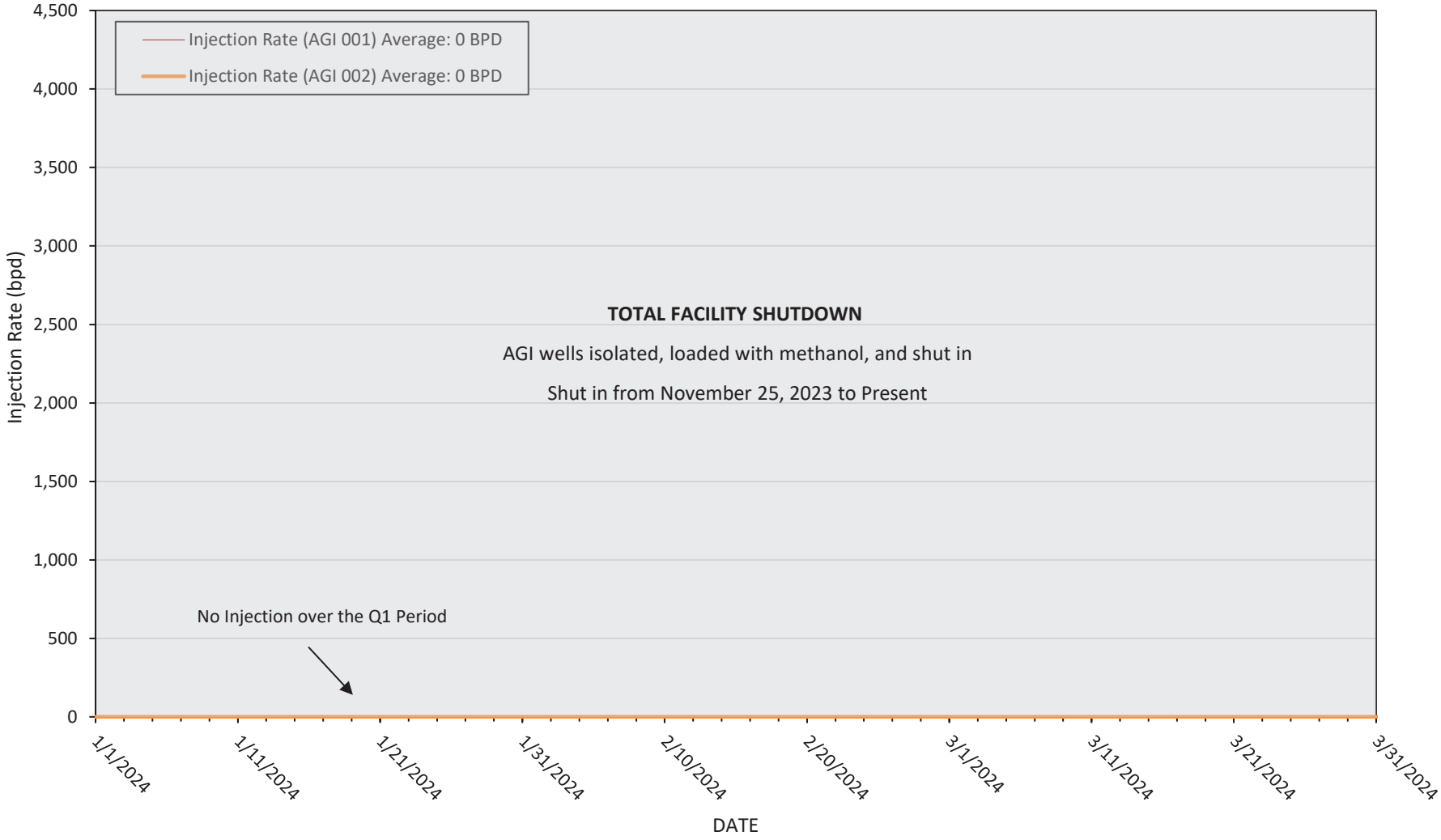
APPROVED BY: TITLE DATE

Conditions of Approval (if any):

PIÑON MIDSTREAM

GEOLEX INCORPORATED

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



PIÑON MIDSTREAM

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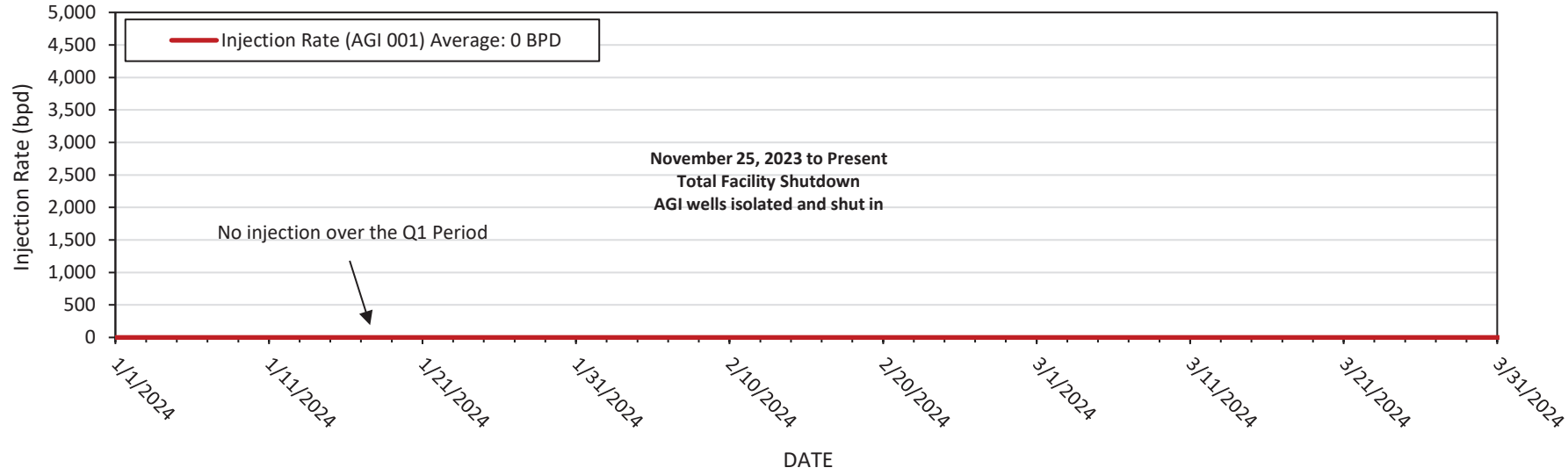
FIGURE 2. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE, AND INJECTION RATE



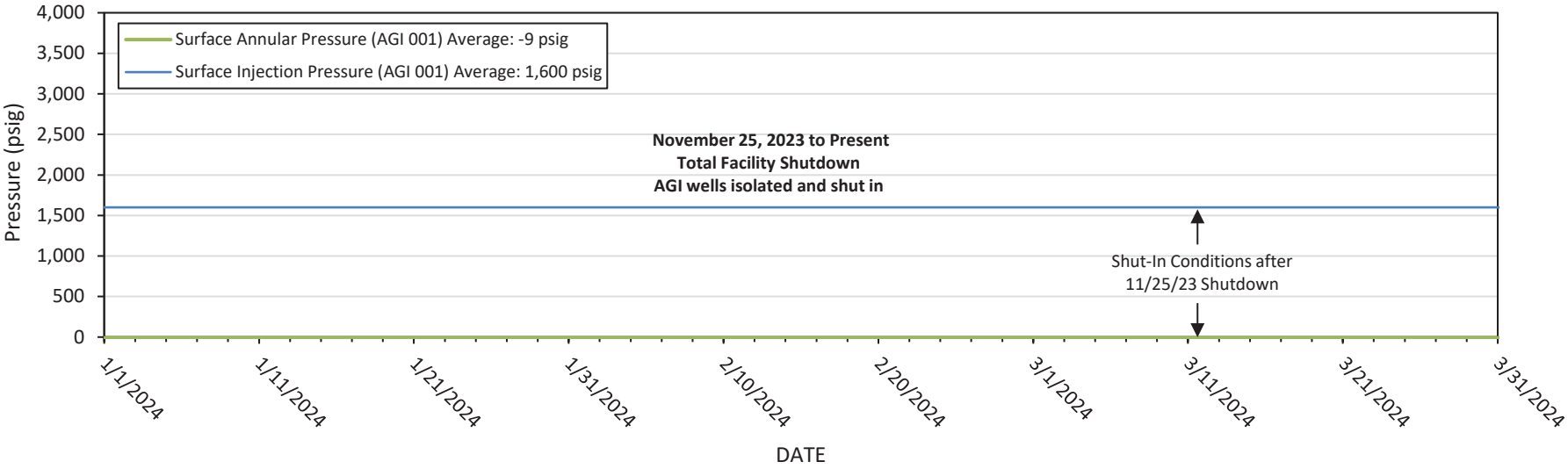


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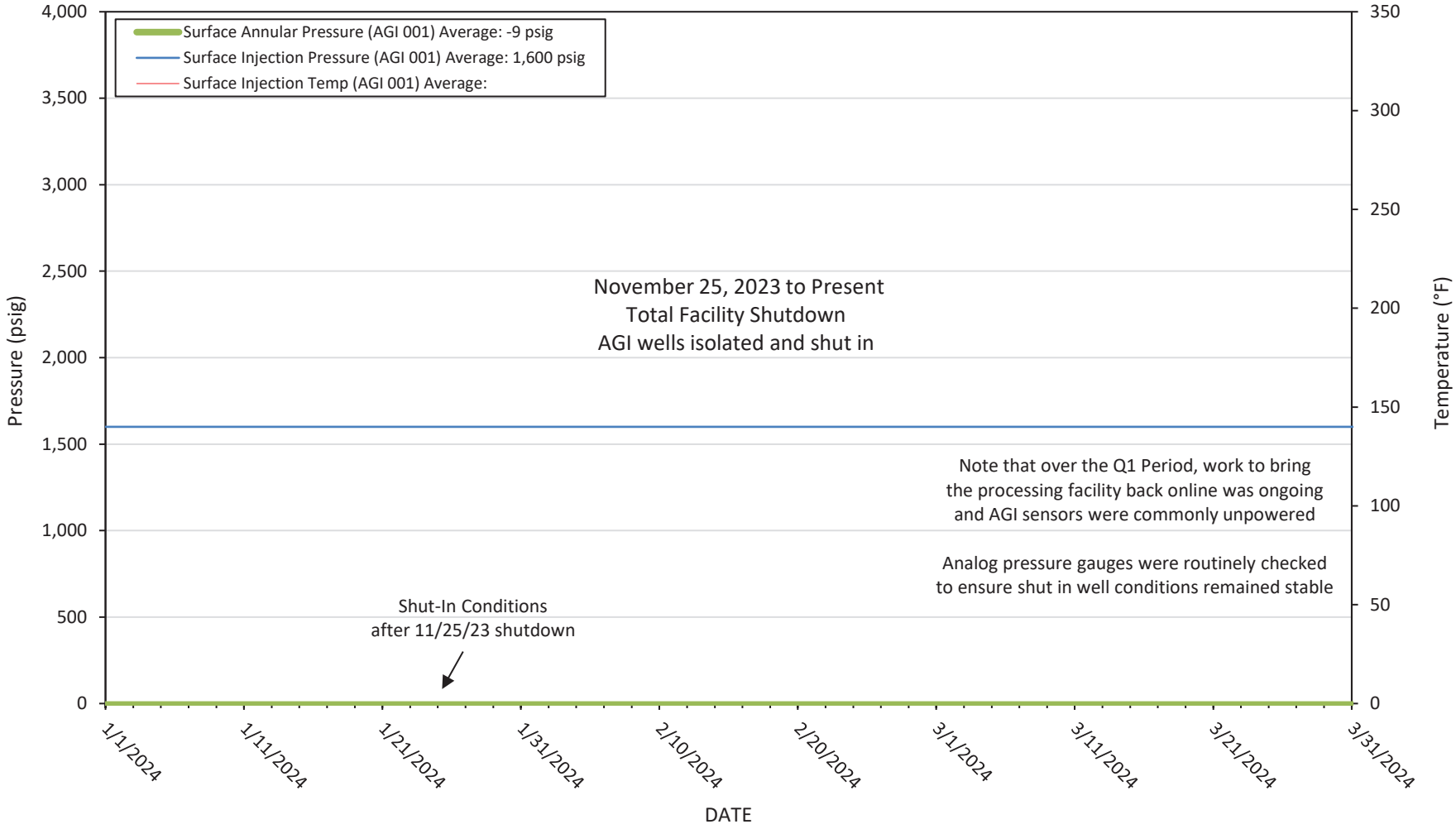
FIGURE 3. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE



PIÑON MIDSTREAM

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

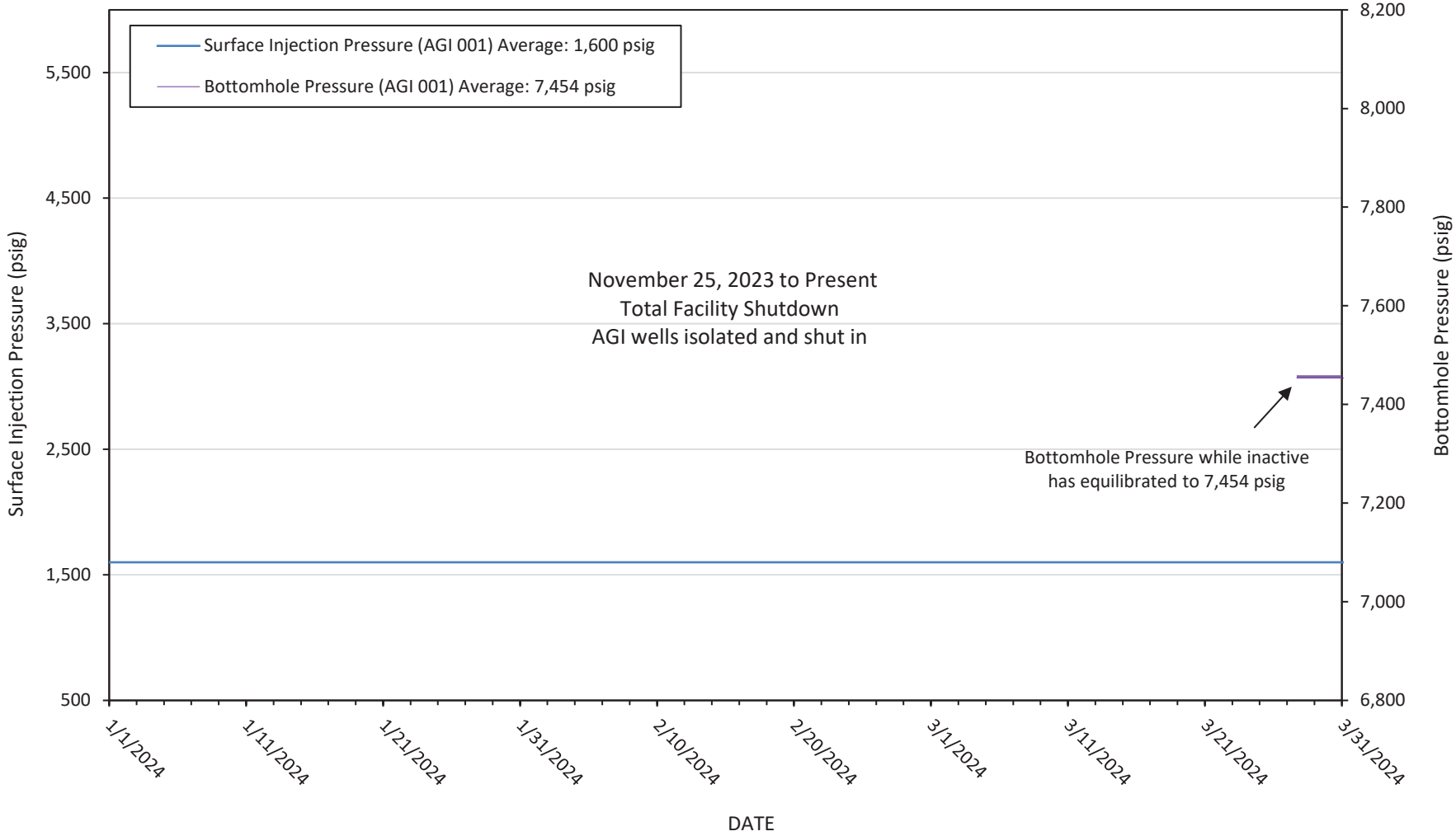

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FIGURE 5. INDEPENDENCE AGI #1 BOTTOM-HOLE PRESSURE AND TEMPERATURE

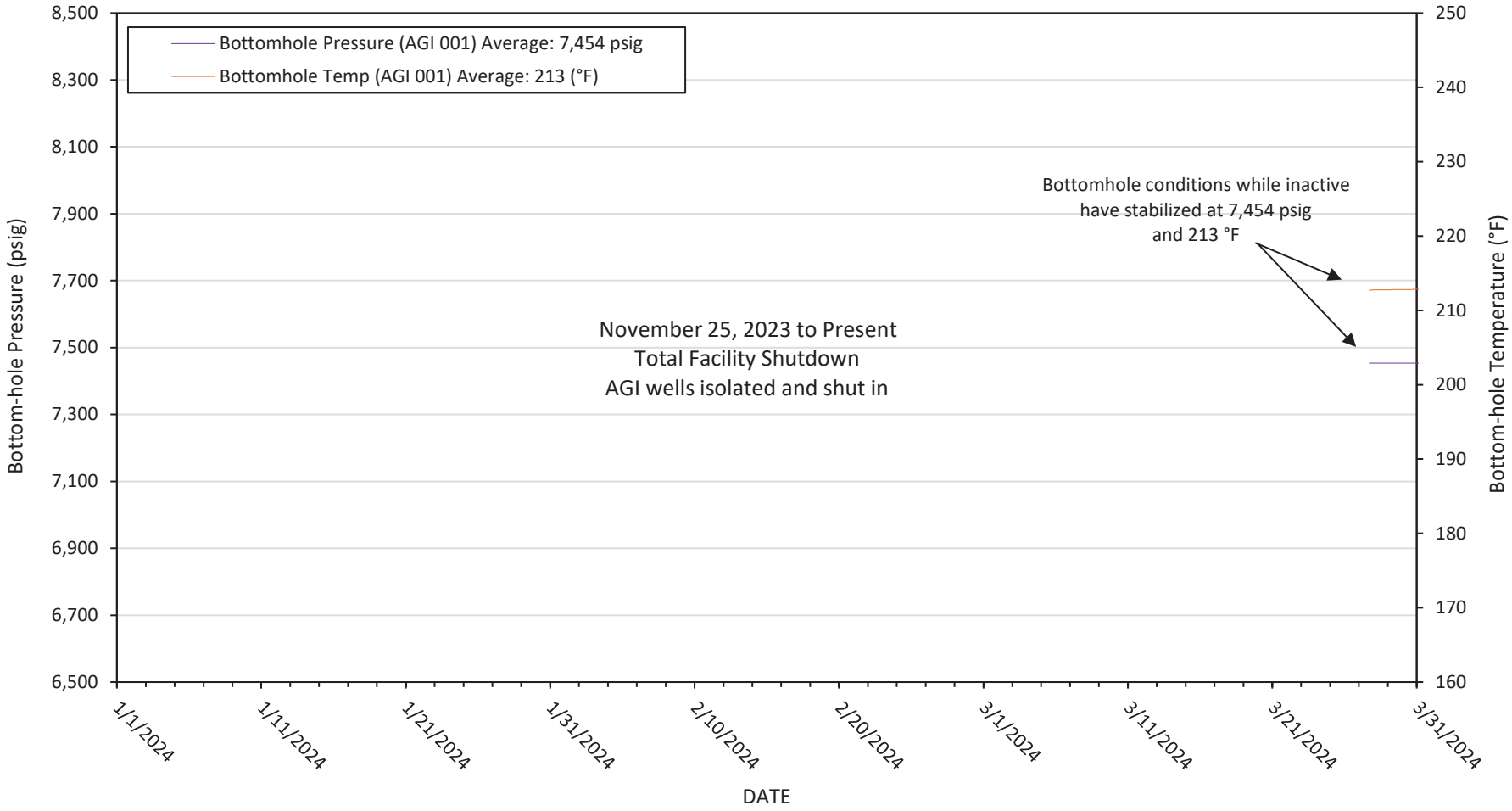

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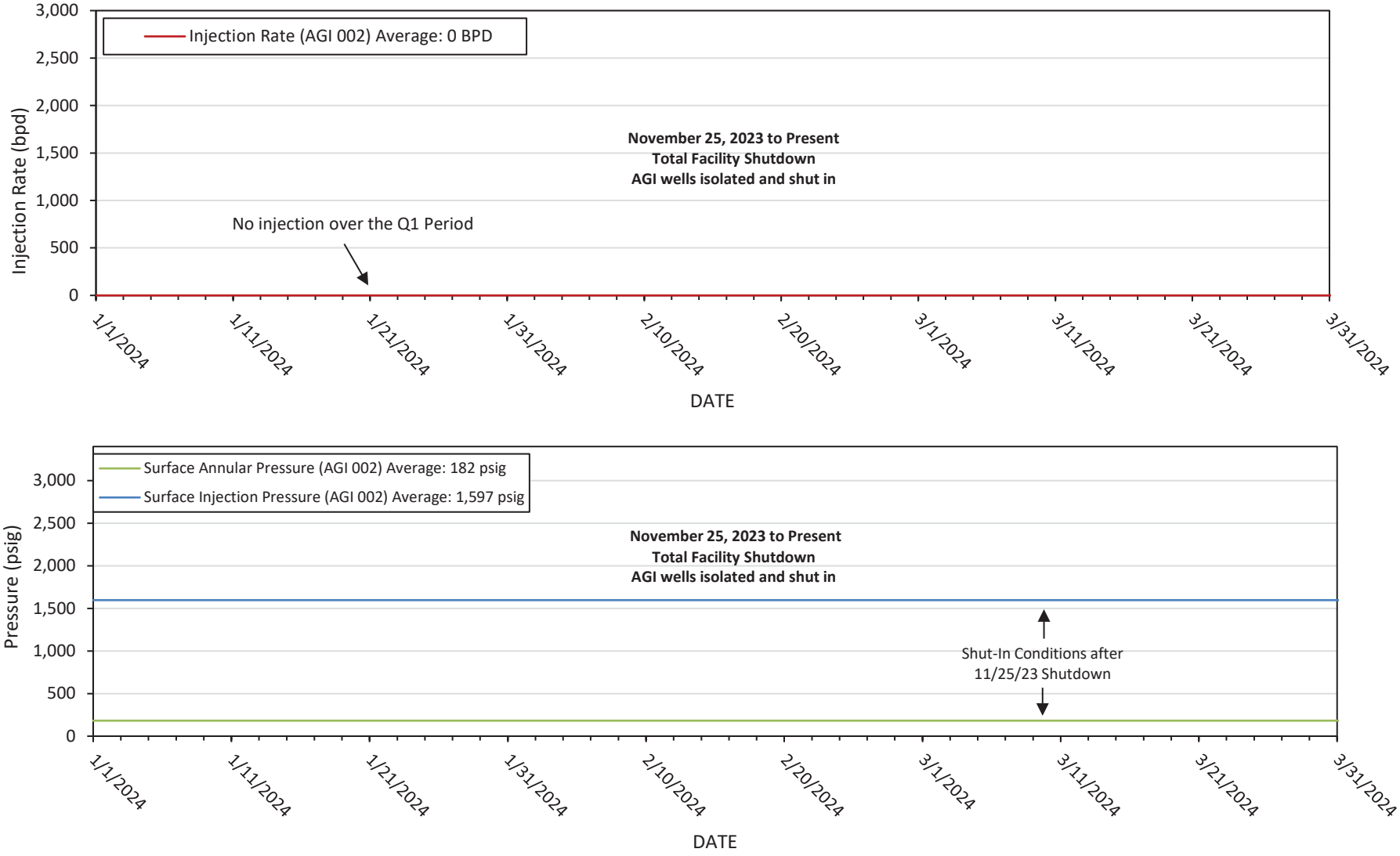
FIGURE 6. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE, AND INJECTION RATE



PIÑON MIDSTREAM

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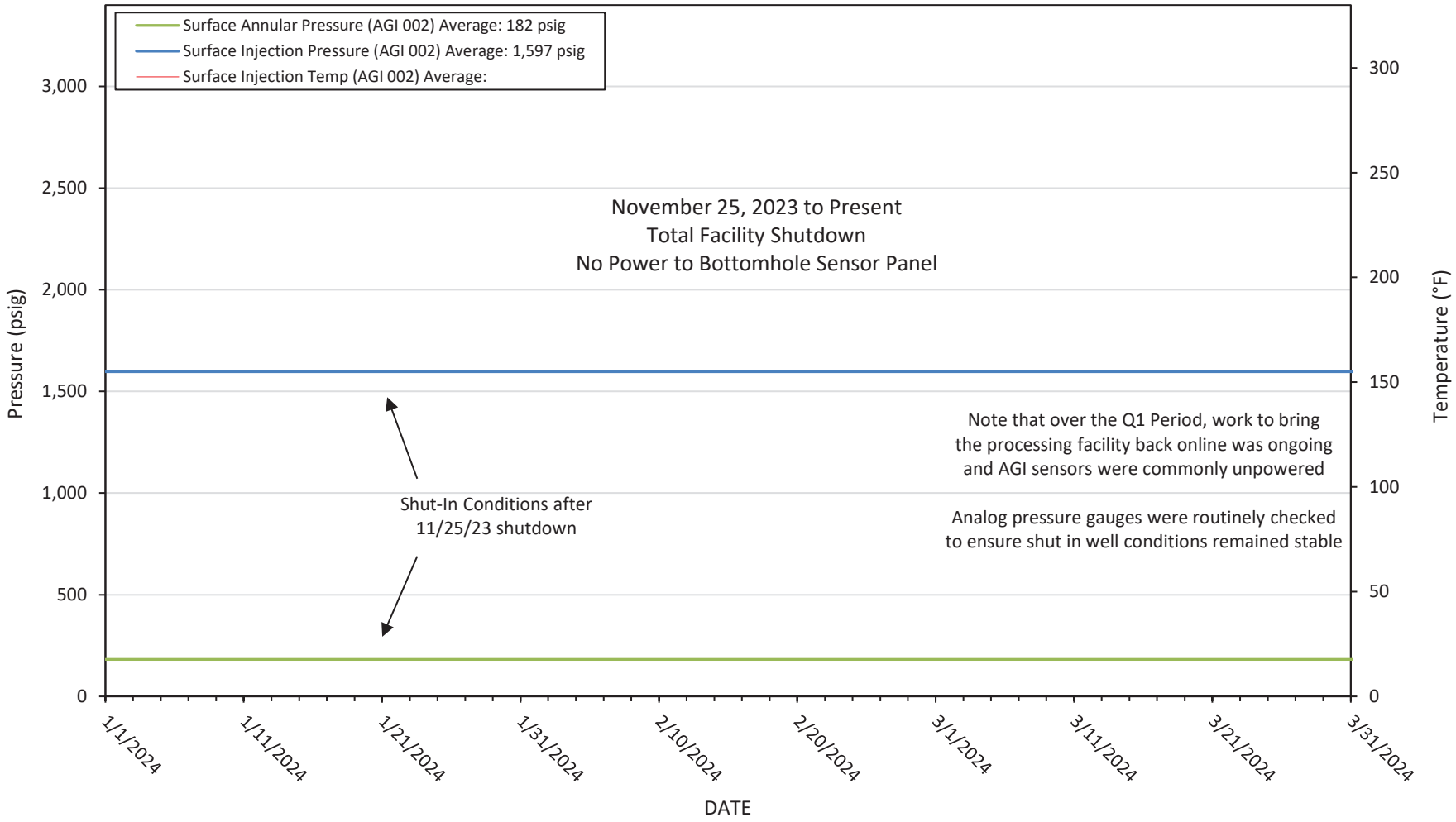
FIGURE 7. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE



PIÑON MIDSTREAM

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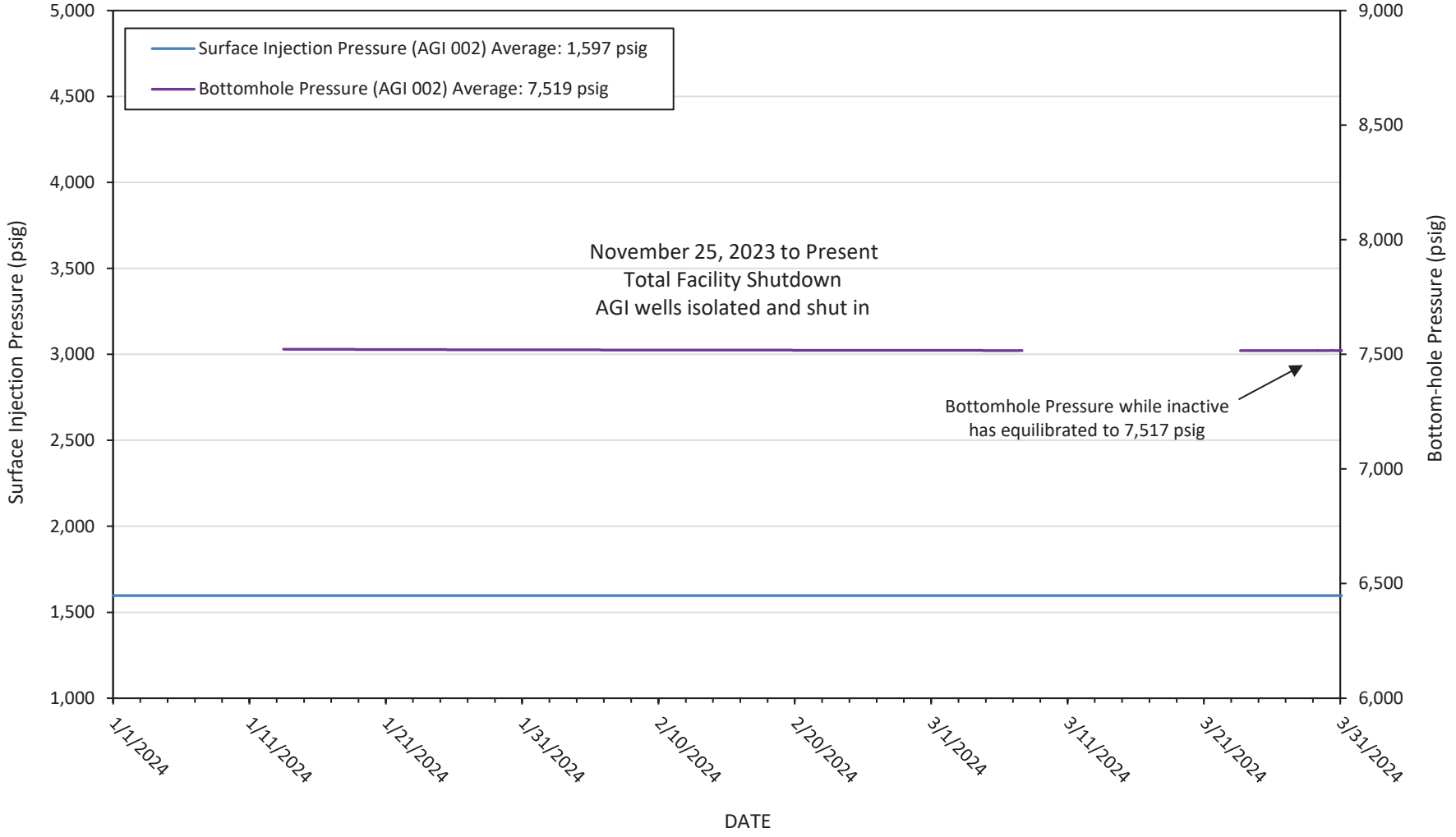
FIGURE 8. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE AND BOTTOM-HOLE PRESSURE



PIÑON MIDSTREAM

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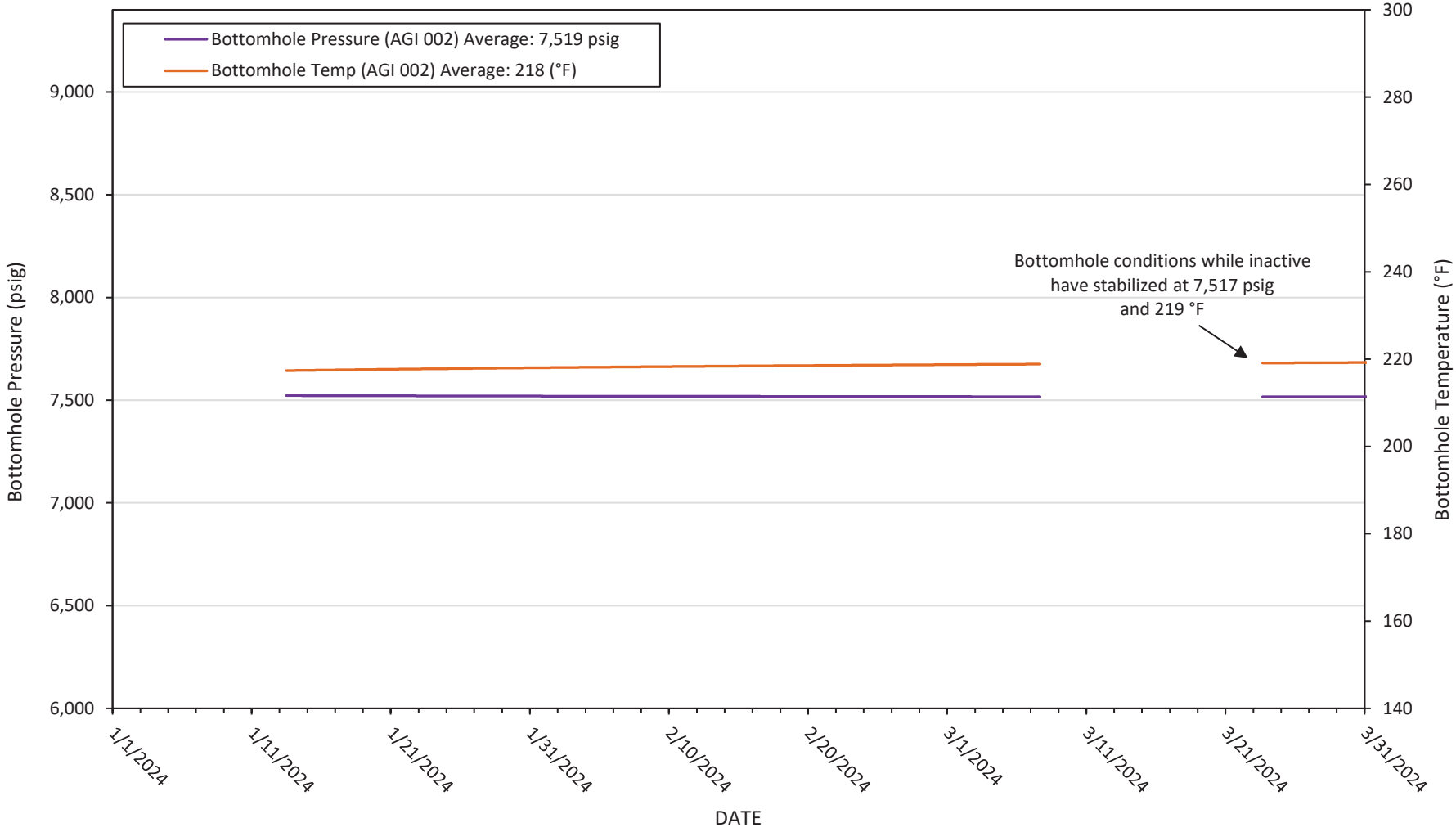
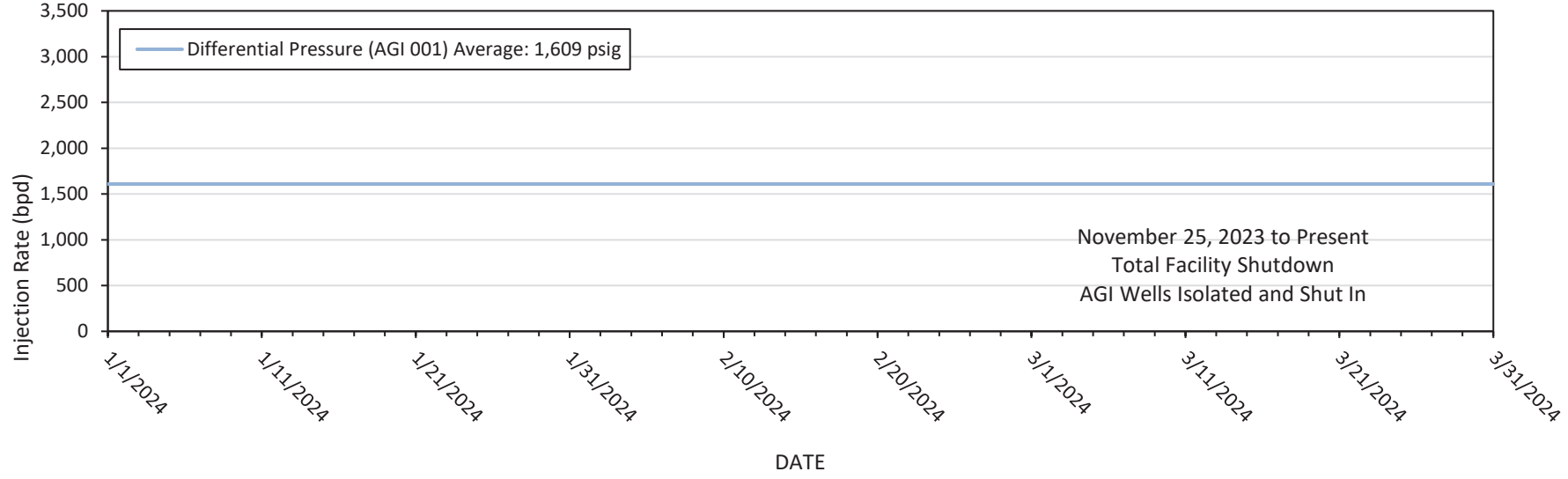
FIGURE 9. INDEPENDENCE AGI #2 BOTTOM-HOLE PRESSURE AND TEMPERATURE

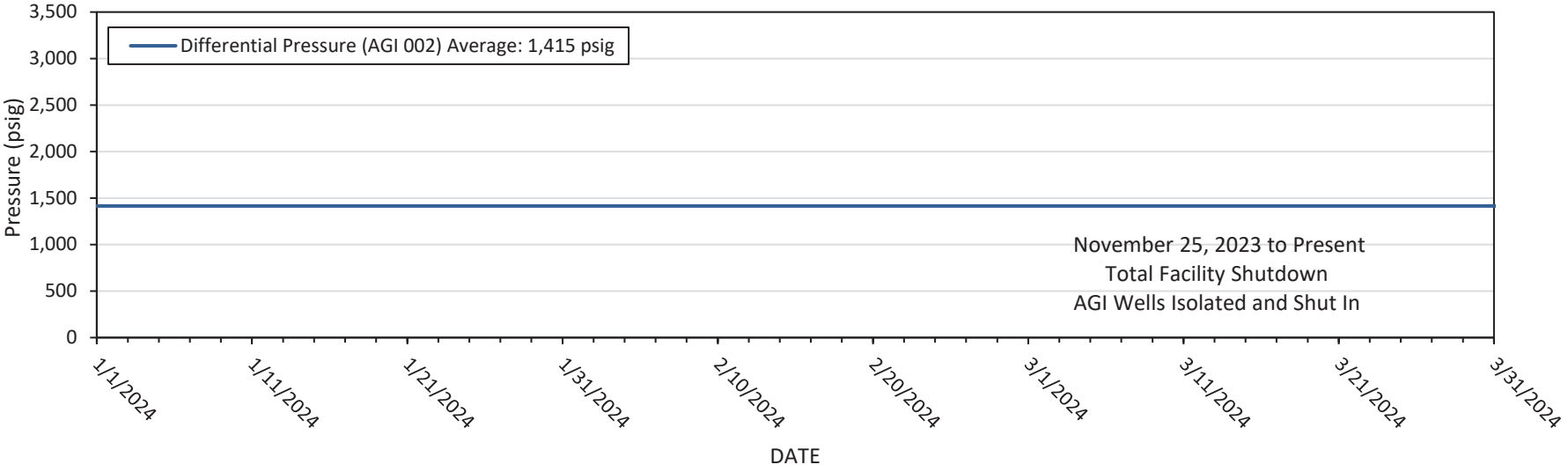


PIÑON MIDSTREAM

GEOLEX INCORPORATED

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





PIÑON MIDSTREAM

INDEPENDENCE AGI #1

UL C - S20 - T25S - R36E
API: 30-025-48081
Lat: 32.120855, Long: -103.291021

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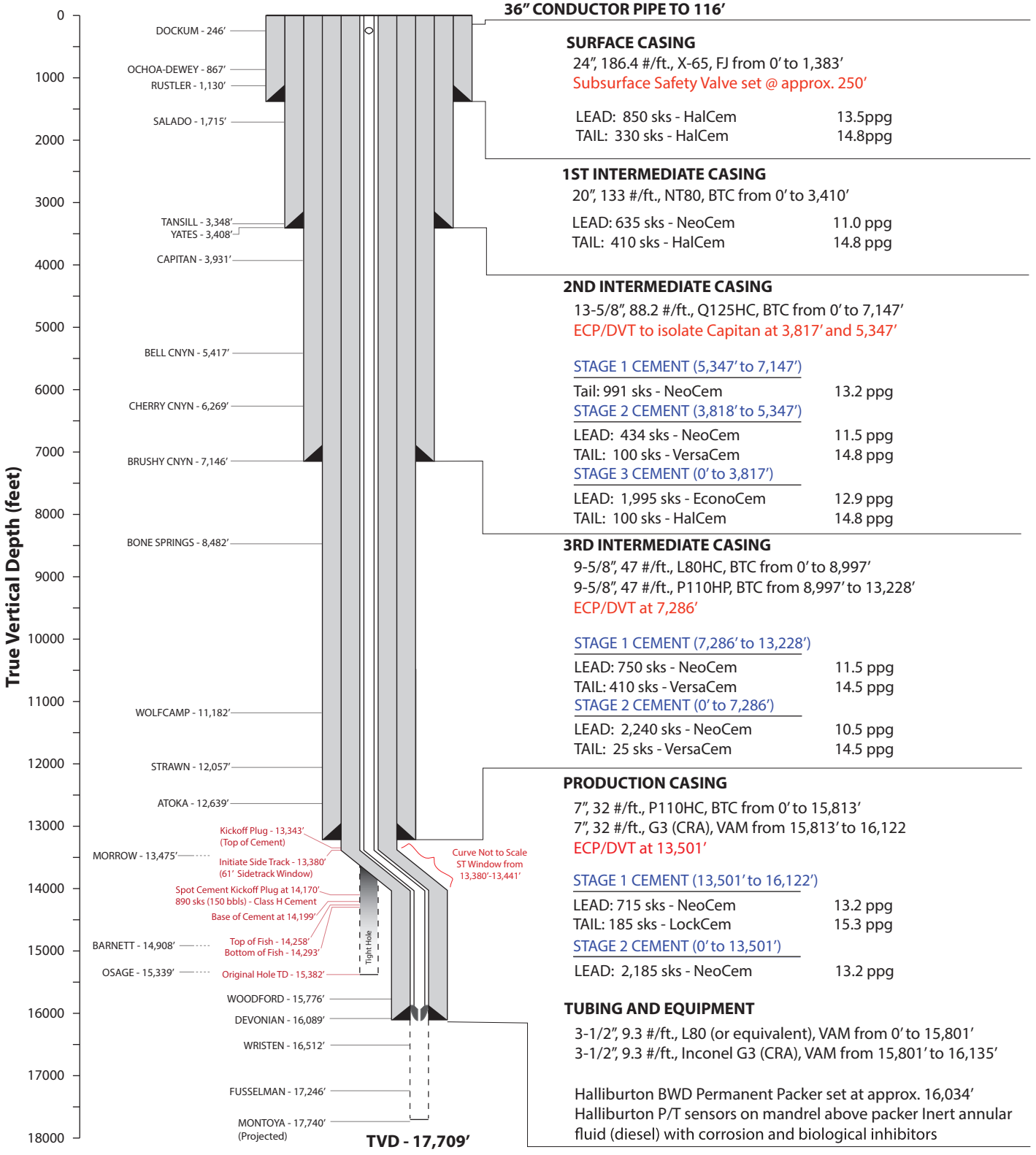


36" CONDUCTOR PIPE TO 116'

SURFACE CASING
24", 186.4 #/ft., X-65, FJ from 0' to 1,383'
Subsurface Safety Valve set @ approx. 250'

LEAD: 850 sks - HalCem	13.5ppg
TAIL: 330 sks - HalCem	14.8ppg

1ST INTERMEDIATE CASING
20", 133 #/ft., NT80, BTC from 0' to 3,410'

LEAD: 635 sks - NeoCem	11.0 ppg
TAIL: 410 sks - HalCem	14.8 ppg

2ND INTERMEDIATE CASING
13-5/8", 88.2 #/ft., Q125HC, BTC from 0' to 7,147'
ECP/DVT to isolate Capitan at 3,817' and 5,347'

STAGE 1 CEMENT (5,347' to 7,147')

Tail: 991 sks - NeoCem	13.2 ppg

STAGE 2 CEMENT (3,818' to 5,347')

LEAD: 434 sks - NeoCem	11.5 ppg
TAIL: 100 sks - VersaCem	14.8 ppg

STAGE 3 CEMENT (0' to 3,817')

LEAD: 1,995 sks - EconoCem	12.9 ppg
TAIL: 100 sks - HalCem	14.8 ppg

3RD INTERMEDIATE CASING
9-5/8", 47 #/ft., L80HC, BTC from 0' to 8,997'
9-5/8", 47 #/ft., P110HP, BTC from 8,997' to 13,228'
ECP/DVT at 7,286'

STAGE 1 CEMENT (7,286' to 13,228')

LEAD: 750 sks - NeoCem	11.5 ppg
TAIL: 410 sks - VersaCem	14.5 ppg

STAGE 2 CEMENT (0' to 7,286')

LEAD: 2,240 sks - NeoCem	10.5 ppg
TAIL: 25 sks - VersaCem	14.5 ppg

PRODUCTION CASING
7", 32 #/ft., P110HC, BTC from 0' to 15,813'
7", 32 #/ft., G3 (CRA), VAM from 15,813' to 16,122
ECP/DVT at 13,501'

STAGE 1 CEMENT (13,501' to 16,122')

LEAD: 715 sks - NeoCem	13.2 ppg
TAIL: 185 sks - LockCem	15.3 ppg

STAGE 2 CEMENT (0' to 13,501')

LEAD: 2,185 sks - NeoCem	13.2 ppg

TUBING AND EQUIPMENT
3-1/2", 9.3 #/ft., L80 (or equivalent), VAM from 0' to 15,801'
3-1/2", 9.3 #/ft., Inconel G3 (CRA), VAM from 15,801' to 16,135'

Halliburton BWD Permanent Packer set at approx. 16,034'
Halliburton P/T sensors on mandrel above packer Inert annular fluid (diesel) with corrosion and biological inhibitors

BHL of Side Track: 1041' FNL & 1785' FWL
5-7/8" OPEN-HOLE INTERVAL FROM 16,122 TO 17,709'

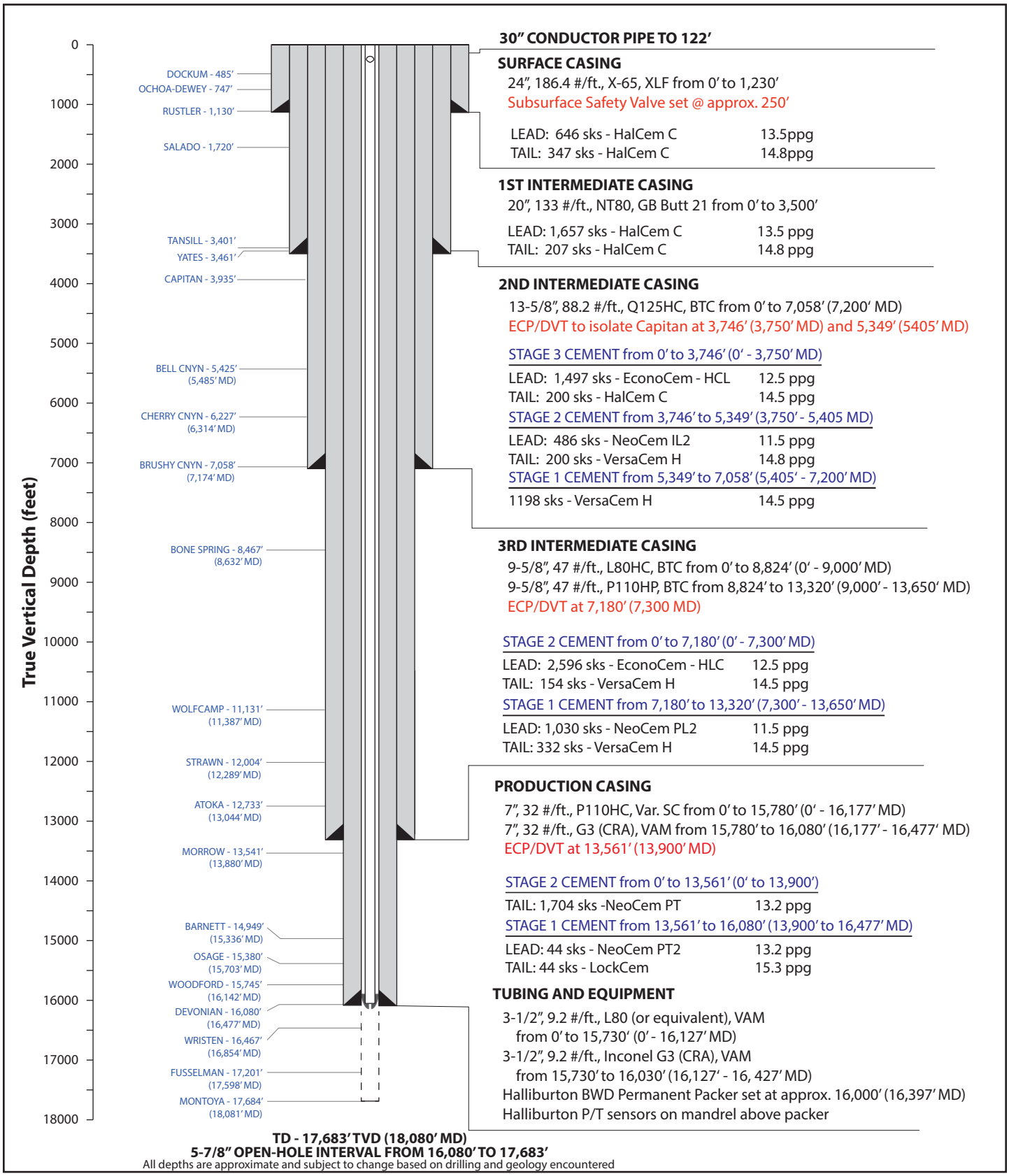
As-drilled well schematic consisting of a surface string of casing, three intermediate strings , and a production string with associating tubing/equipment and cement types. Original hole and sidetrack are shown.

PIÑON MIDSTREAM

GEOLEX INCORPORATED

INDEPENDENCE AGI #2

UL C - S20 - T25S - R36E
API: 30-025-49974
Lat: 32.1200628, Long: -103.2910251



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

District I
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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 339160

CONDITIONS

Operator: Pinon Midstream LLC 20445 Texas 249 Access Rd Houston, TX 77070	OGRID: 330718
	Action Number: 339160
	Action Type: [C-103] Sub. General Sundry (C-103Z)

CONDITIONS

Created By	Condition	Condition Date
mgebremichael	None	5/10/2024