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 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
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 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

Form C-103
 Revised July 18, 2013

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

WELL API NO. 30-045-28653
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Sunco Disposal
8. Well Number #1
9. OGRID Number 247130
10. Pool name or Wildcat SWD-MV

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.)

1. Type of Well: Oil Well Gas Well Other SWD Class I

2. Name of Operator
 Agua Moss, LLC

3. Address of Operator
 PO Box 600 Farmington, NM 87499

4. Well Location
 Unit Letter E: 1595 feet from the North line and 1005 feet from the West line
 Section 2 Township 29N Range 12W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 5859' GL

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Fall Off Test <input checked="" type="checkbox"/>	

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.

Agua Moss, LLC proposes to perform the annual Fall Off Test at the Sunco Disposal #1, Please see the attached detailed procedure.

Spud Date: Rig Release Date:

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

SIGNATURE *Philana Thompson* TITLE Regulatory Compliance Specialist DATE 9/11/2018

Type or print name Philana Thompson E-mail address: pthompson@merrion.bz PHONE: 505-486-1171
For State Use Only

APPROVED BY: *Carol J. Chang* TITLE Environmental Engineer DATE 9/18/2018
 Conditions of Approval (if any):

- Must achieve pseudo-steady state injection rate before valve closure.
- Must achieve at least 90 gpm injection rate.

Fall Off Test Procedure:

Prepare Well for Fall Off Test

1. Arrange for adequate injection fluid storage
2. Accumulate 3000 bbls of produced water
3. Perform MIT
4. MIRU wireline
5. RIH w/ Gauge ring to SN
6. POOH w/ Gauge ring and PU impression block (or something to run thru SN)
7. RIH tag and record fill depth
8. If no restrictions exist and fill is below the perms continue on to FOT. Otherwise remediate problem or adjust FOT procedure before continuing.

Conduct Fall Off Test

9. POOH pick up pressure gauges
10. RIH and hang gauges off @ 4405' KB
11. Begin injection, (125 bph) 3000 bwpd, Record time
12. Inject for 50 hrs, total of 6250 bbls. Record start and stop time
 - a. Ensure injection pressures have stabilized before proceeding
13. S/D injection pump and close valve @ wellhead, Record time
 - a. Once surface pressure stabilizes record start time of fall off
14. Record pressure data for 164 hrs, Record start and stop time
15. POOH making gradient stops @ 4000', 3000', 2000', 1000' and surface
16. Secure well and bleed pressure off lubricator
17. R/D wireline
18. Put well back into service for normal operation.

Well Information			
Well:	Sunco Disposal 1	Field:	Mesaverde SWD
Location:	1595' fnl & 1005' fnl S2, T29N, R12W San Juan Co. New Mexico	Elevations:	5859' GL 5872' RKB
		Depths:	4706' KB PBTD 4760' KB TD
		Engineer:	J. Ryan Davis (505,324,5335)
API:	30-045-28653	Date:	9/6/2018
Surface Casing:	8- 5/8" @ 209' KB w/ 150sx; Circ to surface	Production Casing:	5-1/2" @ 4750' KB w/ 230 sx stage 1, 515 sx stage 2, circ 25' sx to surf, DV tool @ 2244' KB
Tubulars:	2- 7/8" 6.5# EUE (Epoxy Coated) @ 4282' KB	Packer:	Arrow XL-W retrievable seal bore @ 4282' KB.
Perforations (MV)	4350-4460' KB 2 spf (2000 gals 15% HCL, Frac w/ 100,000# 20/40)		
Additional Perforations			
Perforations (MV)	None		

Version 1 : Procedure subject to change based on changing well conditions.

Proposed Test Schedule:

Date	Event	Remarks
Wednesday, September 12 th 2018	Check conditions; Perform MIT and Begin injection (50 hrs)	TD; Fill; Restrictions and hang Gauges
Friday, September 14 th 2018	End Injection and Begin FOT	Shut in and monitor
Wednesday, September 21 st 2017	164 hrs	Could pull gauges at 10am

Test Considerations:

- V.1 The triplex pump at the facility is capable of maintaining a constant rate of **3600** bpd against the anticipated injection pressures.
- V.2 The injection rate of **3600** bpd (87.5 gpm) will be sufficient to produce valid test data. (For reference: During normal injection at 3600 bpd (8 hrs) the surface pressure build up is approx. 200 psi with a mirrored fall off over a 8 hr period.)
- V.3 The normal waste liquid will be used during the FOT due to the cost effectiveness and availability.
- V.4 The total volume of fluid needed for the FOT is **6250** bbls.
 - a) A total of 3600 bbls will be onsite prior to starting the injection for the FOT and water will continue to be hauled to facility in the case that more fluid is needed during the injection period.
 - b) Lowering the injection rate will be considered if well conditions merit a change or storage of fluid becomes a constraint.
 - c) City water will be purchased for the FOT if it becomes necessary to make up the volume required for the test.
- V.5 The gauges will be RH and the injection period will be a minimum of 50 hrs to ensure radial flow and stabilization. A total of 15 hrs was calculated using the EPA Region 6 UIC Pressure Falloff Testing Guideline design calculations found on pg A-4. The fall off portion will be a minimum of 72 hrs justified by this being the time frame used on the previous FOT.
- V.6 There will be adequate storage capacity for waste water for the duration of the FOT.

V.7 There is one offset well completed in the Point Lookout disposal formation. The McGrath #4 is a class II disposal operated by ConocoPhillips approx 1.25 miles to the north west of the Sunco #1. The well has been P&A'd, so there will not be any injection activity from offset wells during the FOT.

V.8 Crown valve is currently in-place on the Sunco #1 wellhead. The gauges will be RIH through a lubricator prior to the injection period.

V.9 A shut-in valve is located on the injection riser approx 3-feet from the wellhead. This valve can be shut quickly to reduce erratic pressure response and minimize the wellbore storage.

V.10 Prior to the FOT a gauge ring will be run through the tubing to ensure no restrictions in the tubing and slickline will also be used to tag up and determine wellbore fill. Test parameters will be adjusted accordingly or the needed repairs will be made to remedy the situation.

V.11 Surface readout gauges will not be used in the FOT data collection due to cost and the fact Key performed the 2010 FOT with tandem memory down hole gauges with successful data collection. The gauges used will be latest available technology from Teftiller, Inc which will meet or exceed the pressure range, accuracy and resolution requirements. The gauges will be setup on auto resolution capture based on pressure change. Each gauge will be setup with a different auto resolution range to ensure all data is captured accurately.

V.12 A test log will be kept during the test and submitted with the FOT results. The log will include key events with date and times.

- Gauge ring run
- Tag depth
- Gauge activation
- Gauges on bottom
- Injection start
- Injection stop
- Well isolation
- Pressure stabilization
- End of Fall Off

V.13 Surface pressures will be recorded continuously using a chart recorder during the FOT. If any abnormal surface pressure change occurs the test validity will be questioned and the test will be aborted if deemed invalid.

V.14 The memory gauges being used for the FOT have auto resolution capability that changes the resolution based on rate of pressure change. First gauge will be configured to obtain data every 15 seconds and adjust to every one minute. The second gauge will be configured to obtain data every 30 seconds and adjust to every two minutes. Memory capacity is 35 day and 69 days respectively. The minimum 15 second resolution was used during the 2010 FOT and proved to be acceptable. The length of the fall off portion is based on the 2016 FOT, 120 hours proved to be adequate.

V.15 The tri-plex injection pump at the facility that is normally used for injection will be used for the FOT. It is a positive displacement pump running at a constant RPM which will ensure constant injection rate during the FOT. A constant injection rate of approximately 3000 bpd will be sufficient to create a minimum of 100 psi differential between final injection pressure and shut-in pressure. The rate will be carefully monitored prior to shut down to ensure a steady state injection is maintained prior to beginning the fall-off portion of the test.