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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 <input type="checkbox"/> FEE <input checked="" type="checkbox"/>	
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

<p>NOTICE OF INTENTION TO:</p> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> CLOSED-LOOP SYSTEM <input type="checkbox"/> OTHER: <input type="checkbox"/>		<p>SUBSEQUENT REPORT OF:</p> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: Quarterly Injection Data Reports <input checked="" type="checkbox"/>	
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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 April 1, 2023 through June 30, 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 for Q2 2023. Injection parameter trends over this period demonstrate continued operational stability, excellent mechanical integrity of the AGI wells, and reliable storage capacity within the approved injection interval. During the Q2 period, Piñon Midstream (Piñon) commenced injection operations via the Independence AGI #2 well, and both AGI #1 and AGI #2 were utilized for disposal during the Q2 period. Overall, TAG has been injected at an average rate of approximately 5.91 MMSCFD, which includes the combined injection volume of the Independence AGI #1 and AGI #2 wells.

Detailed analysis of all injection parameter trends demonstrates the AGI #1 and AGI #2 wells have operated normally and as intended during the Q2 period. Total TAG volume sequestered via injection has increased only slightly (approx. 1.5% over the prior Q1 2023 period), however, two AGI wells were in operation during this period and all operating parameters have exhibited normal trends and behavior as anticipated in response to the operating conditions. 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 current disposal needs of Piñon. The following average values represent the operational conditions for the wells (including shutdowns):

INDEPENDENCE AGI #1 (30-025-48081)

Surface Measurements: Avg. TAG Inj. Pressure: 2,163 psig, Avg. Annular Pressure: 564 psig, Avg. Pressure Differential: 1,599 psig, Avg. TAG Temperature: 137 °F, Avg. TAG Injection Rate: 2,155 barrels per day (approx. 4.14 MMSCFD at STP).

Down-hole Measurements: Average Bottom-hole Pressure: 7,695 psig, Average Bottom-hole Temperature: 179 °F.

INDEPENDENCE AGI #2 (30-025-49974)

Surface Measurements: Avg. TAG Inj. Pressure: 2,159 psig, Avg. Annular Pressure: 569 psig, Avg. Pressure Differential: 1,589 psig, Avg. TAG Temperature: 136 °F, Avg. TAG Injection Rate: 974 barrels per day (approx. 1.77 MMSCFD at STP).

Down-hole Measurements: Average Bottom-hole Pressure: 7,872 psig, Average Bottom-hole Temperature: 172 °F.

By April 2023, Piñon completed on-going surface facility improvements necessary to commission the Independence AGI #2 well. Following these activities, the Independence AGI #2 well was placed into service on April 6, 2023. In general, commencement of injection operations for the AGI #2 well was without issue, as surface compression and injection processes have been well established and stable throughout the operational period of AGI #1, which began in September 2021. Since commissioning the AGI #2 well, all injection parameter data have been indicative of a normally operating AGI well and injection parameter data all display trends anticipated for a newly-commissioned AGI well.

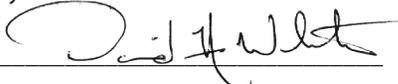
While both the Independence AGI #1 and AGI #2 wells were operated during the Q2 period, the AGI #1 injected at an average rate of 4.14 MMSCFD and continued to be the primary recipient of acid gas. The Independence AGI #2 was operated at an average rate of 1.77 MMSCFD. The analysis of Q2 injection parameter data for the AGI #1 confirms the well is operating normally, and bottom-hole pressure data exhibits trends of an adequately performing injection reservoir. Since commissioning of the AGI #2 well, bottom-hole pressure conditions have steadily declined (under a generally consistent injection rate), which further demonstrates the Siluro-Devonian reservoir's ability to accommodate the disposal needs of the facility.

At the time of this report, Geolex and Piñon are investigating a brief interruption of down-hole temperature data, which occurred once in late May and once in mid June, 2023. As shown in Figure 9, data recorded throughout Q2 and, including before and after the periods of outage, exhibit anticipated trends for bottom-hole conditions in a newly-commissioned AGI well. Based on previous issues experienced with down-hole sensors at the Piñon facility, it is suspected that the outage may be a result of a communication error with the plant control system, which has occurred previously and required additional configuration of the surface panel associated with the down-hole sensors. With the exception of these brief outages, all remaining AGI parameter data have been monitored and recorded successfully and all raw (hourly) data have been submitted with this report (via electronic mail).

Mechanical integrity testing (MIT) and bradenhead testing (BHT) was successfully performed for the Independence AGI #1 and AGI #2 wells in July 2022 and October 2022, respectively. Regarding calendar year 2023 testing requirements, it is currently anticipated that Piñon will complete MIT and BHT operations for both wells during the Q3 period, in order to fulfill 2023 testing requirements and to synchronize the testing schedule for both wells.

Generally, Independence AGI #1 and #2 have demonstrated excellent performance over the Q2 period, 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 temperature, which confirms that the wells have good integrity and are functioning appropriately 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 Piñon facility, as no indications of reservoir performance degradation have been 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 07/18/2023

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

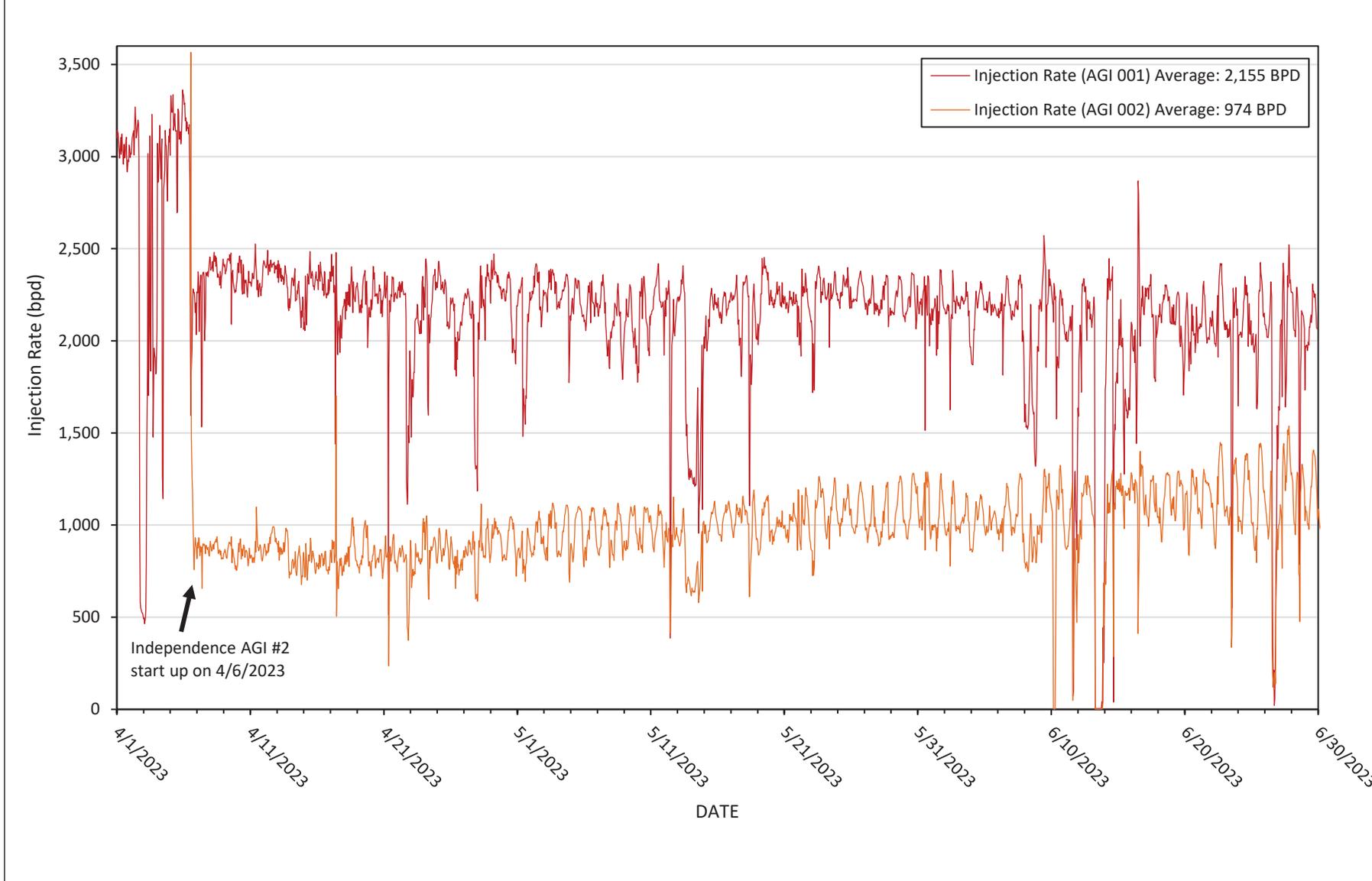




FIGURE 2. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE, AND INJECTION RATE

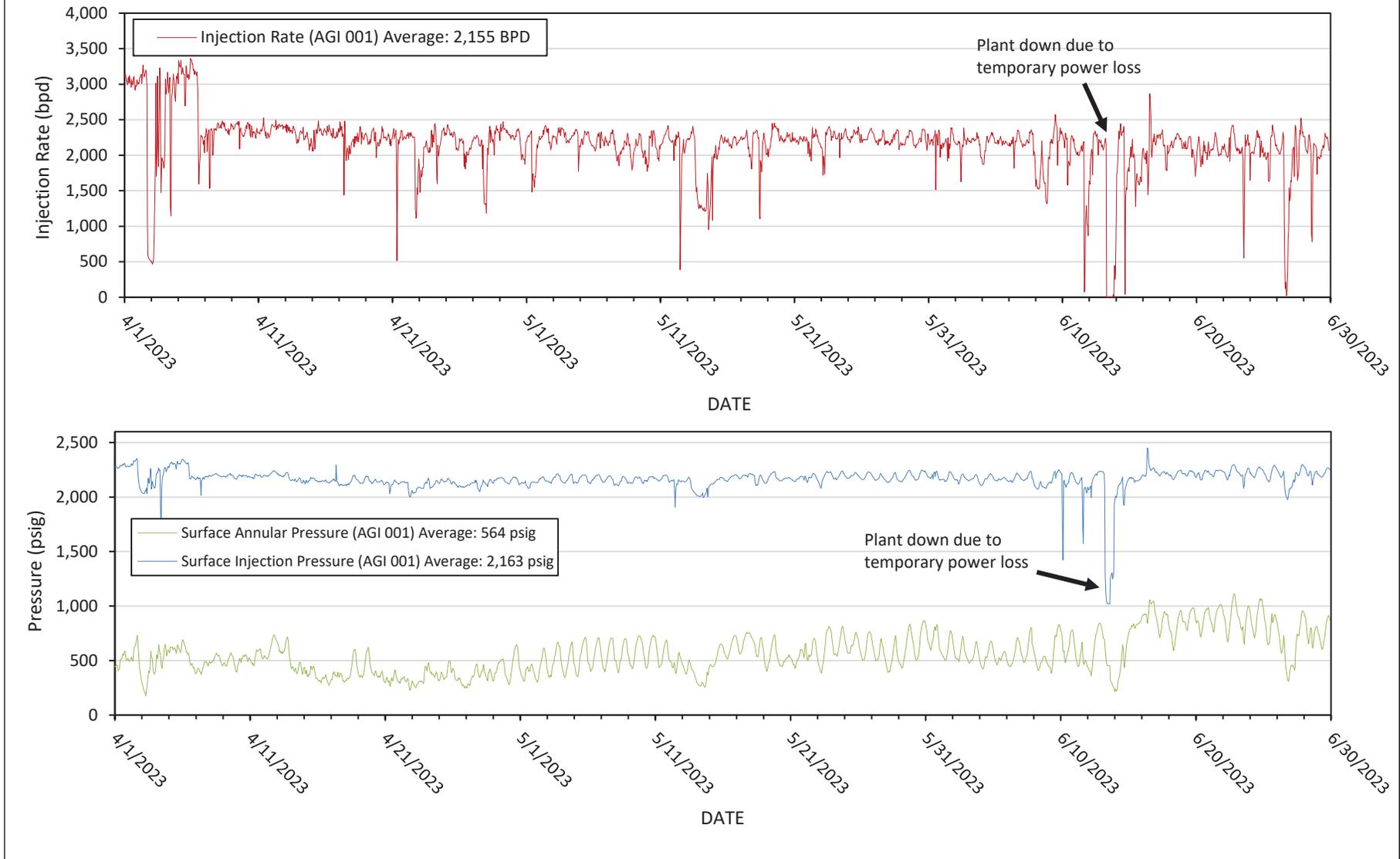




FIGURE 3. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

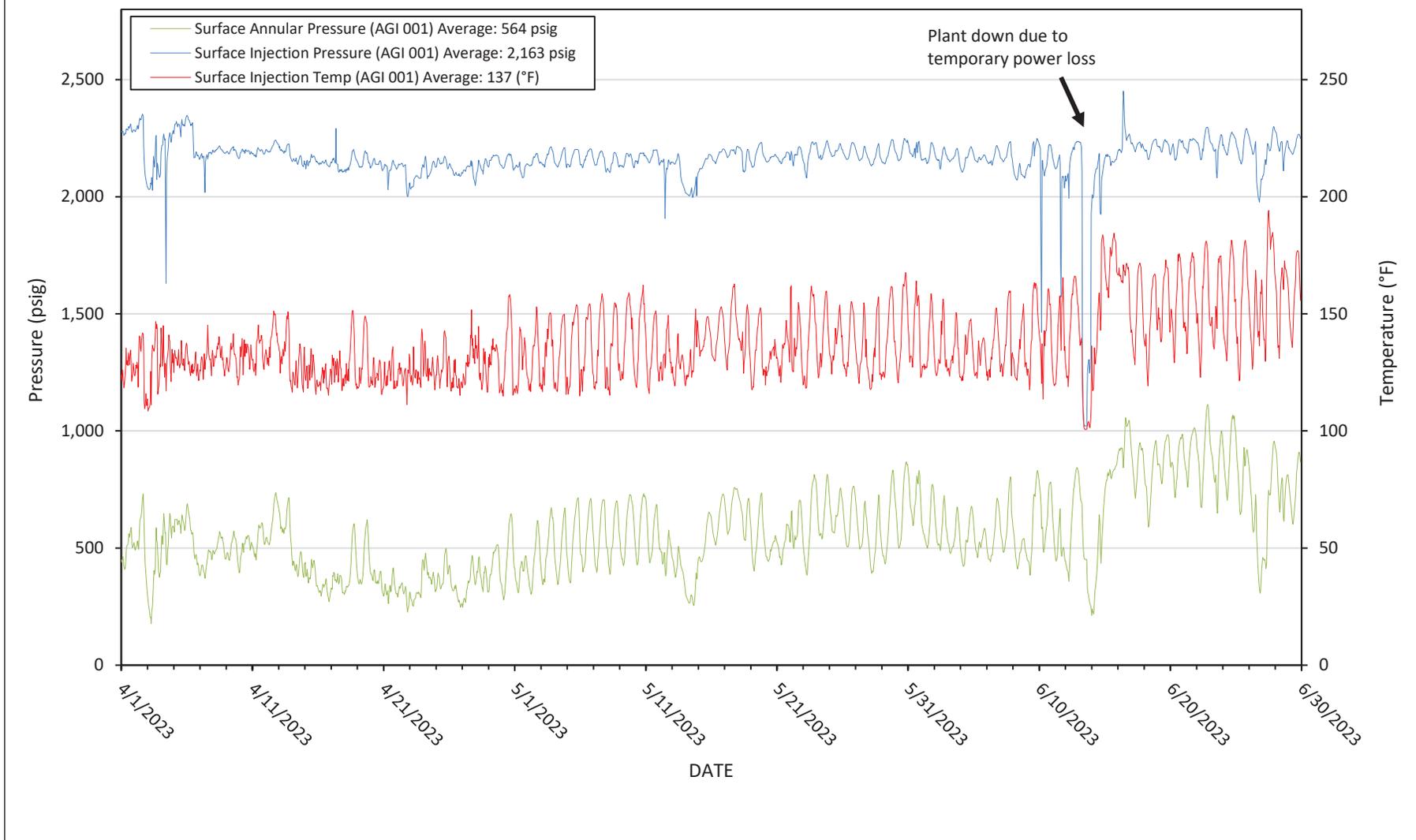




FIGURE 4. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE AND BOTTOM-HOLE PRESSURE

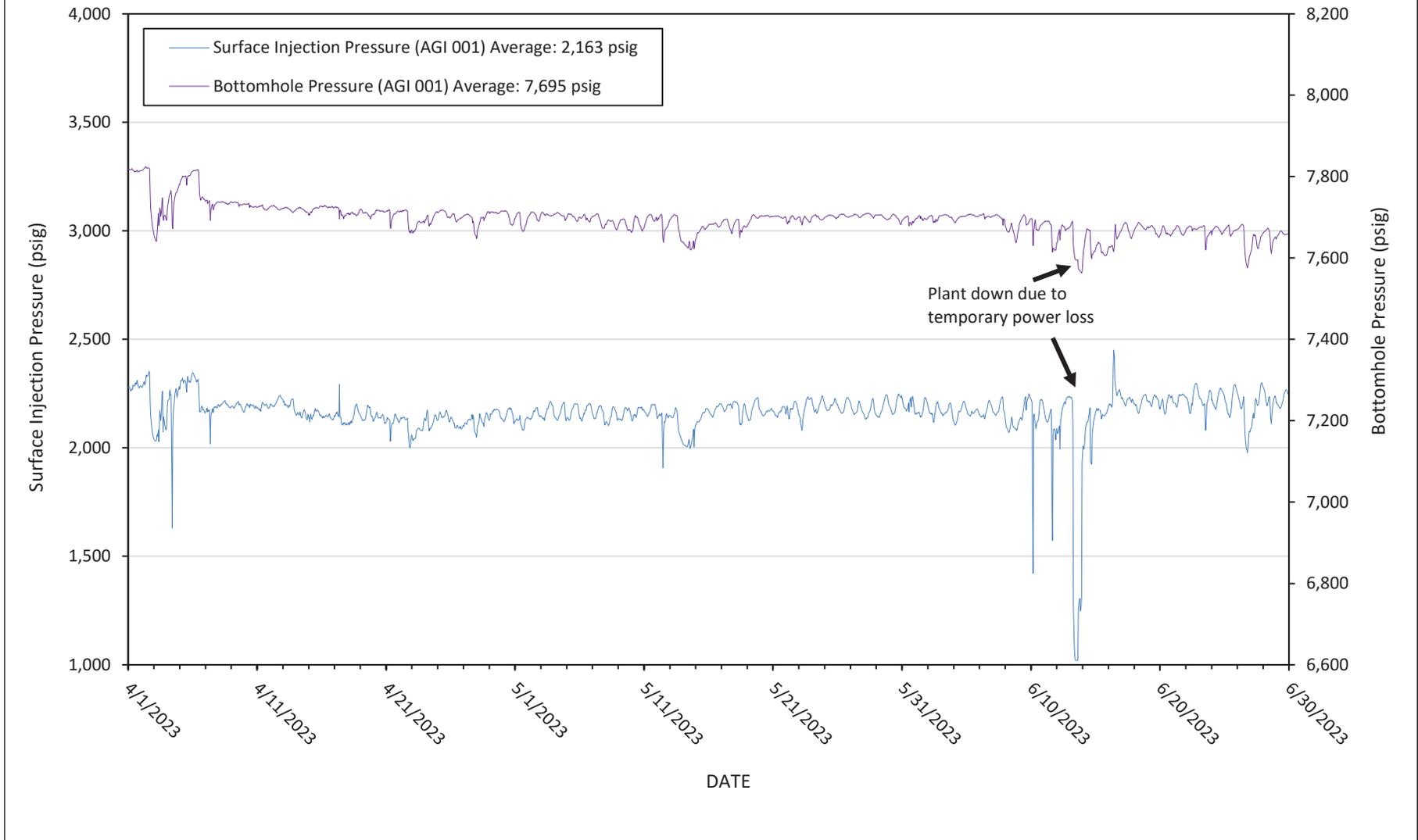




FIGURE 5. INDEPENDENCE AGI #1 BOTTOM-HOLE PRESSURE AND TEMPERATURE

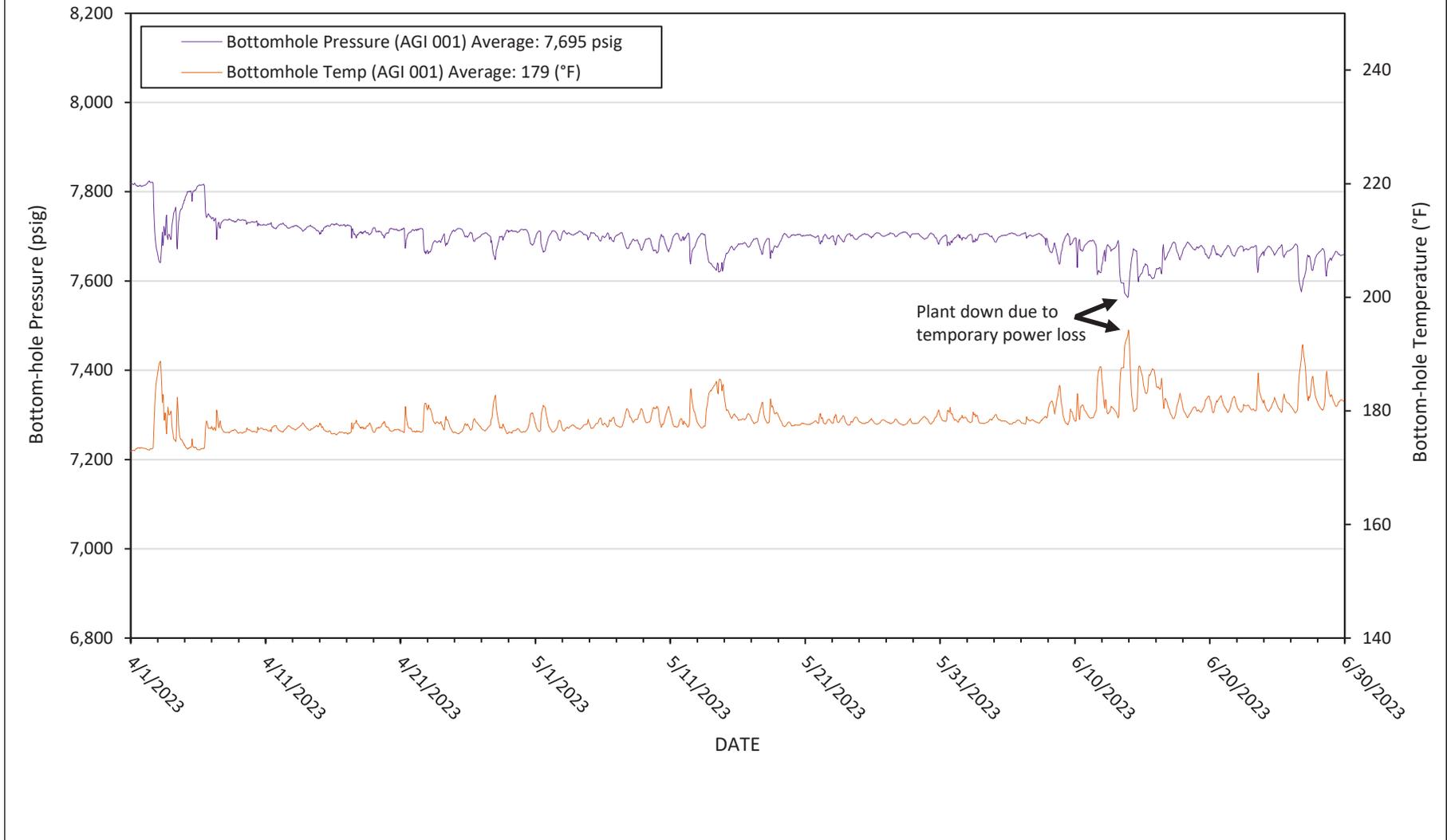




FIGURE 6. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE, AND INJECTION RATE

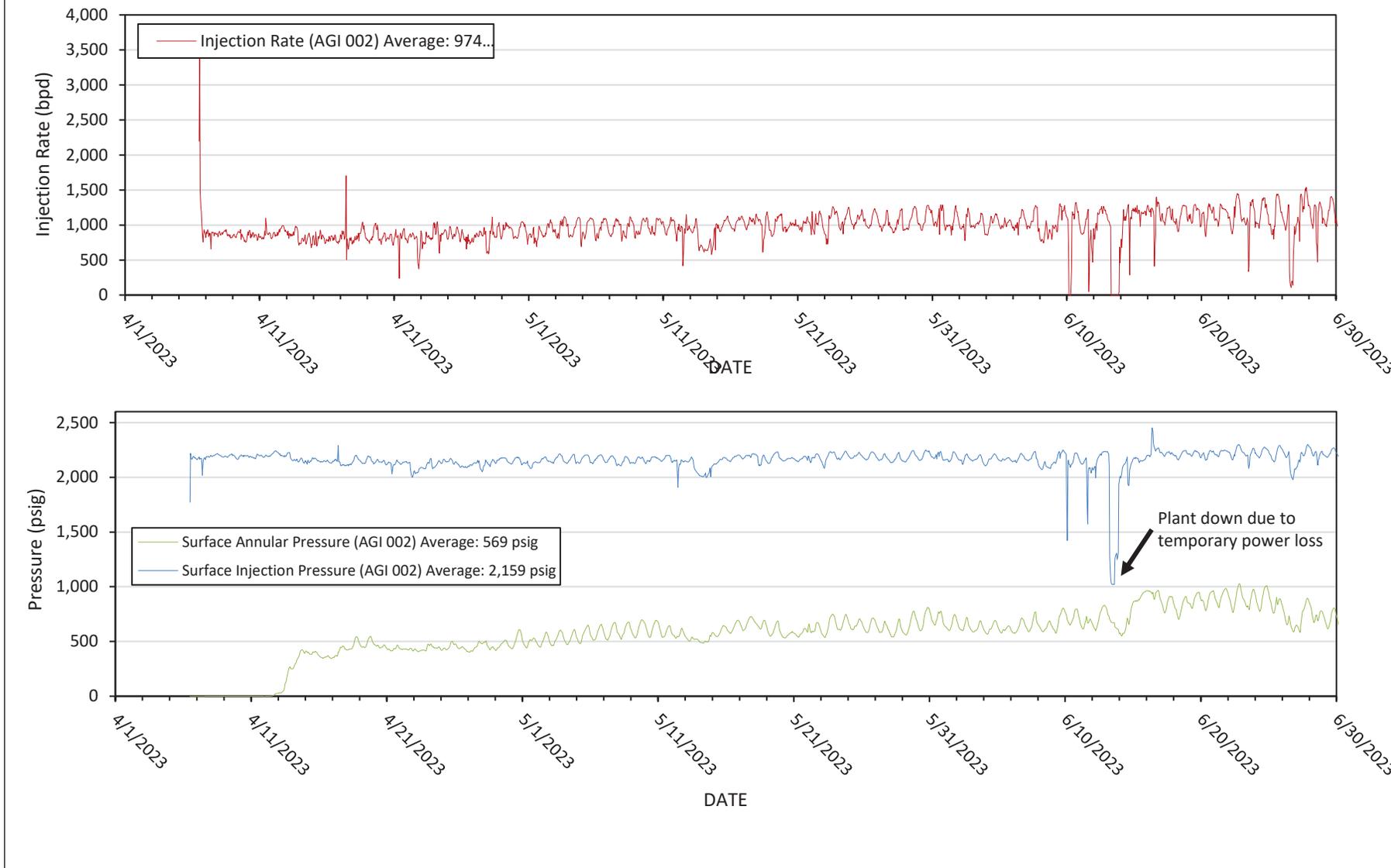




FIGURE 7. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

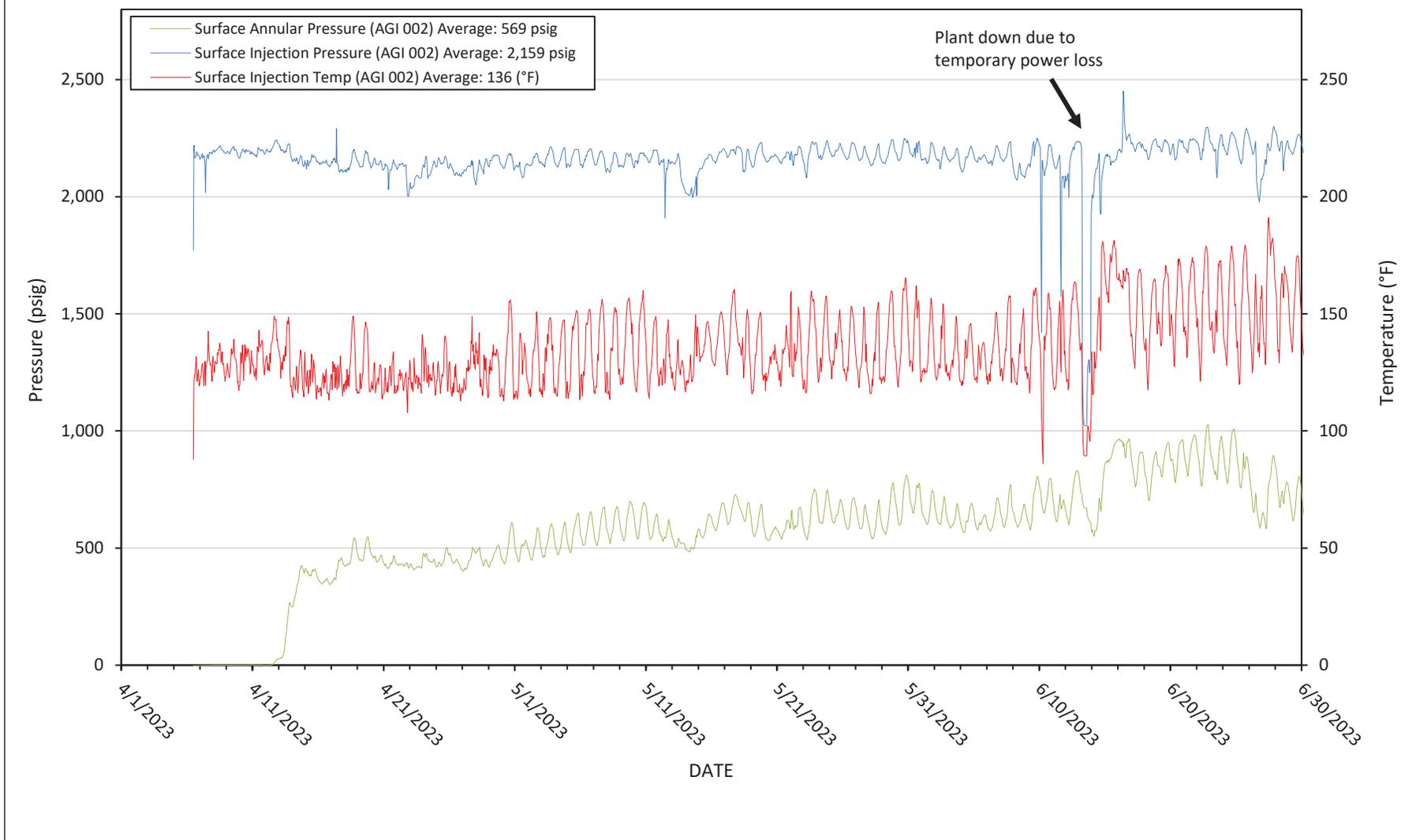




FIGURE 8. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE AND BOTTOM-HOLE PRESSURE

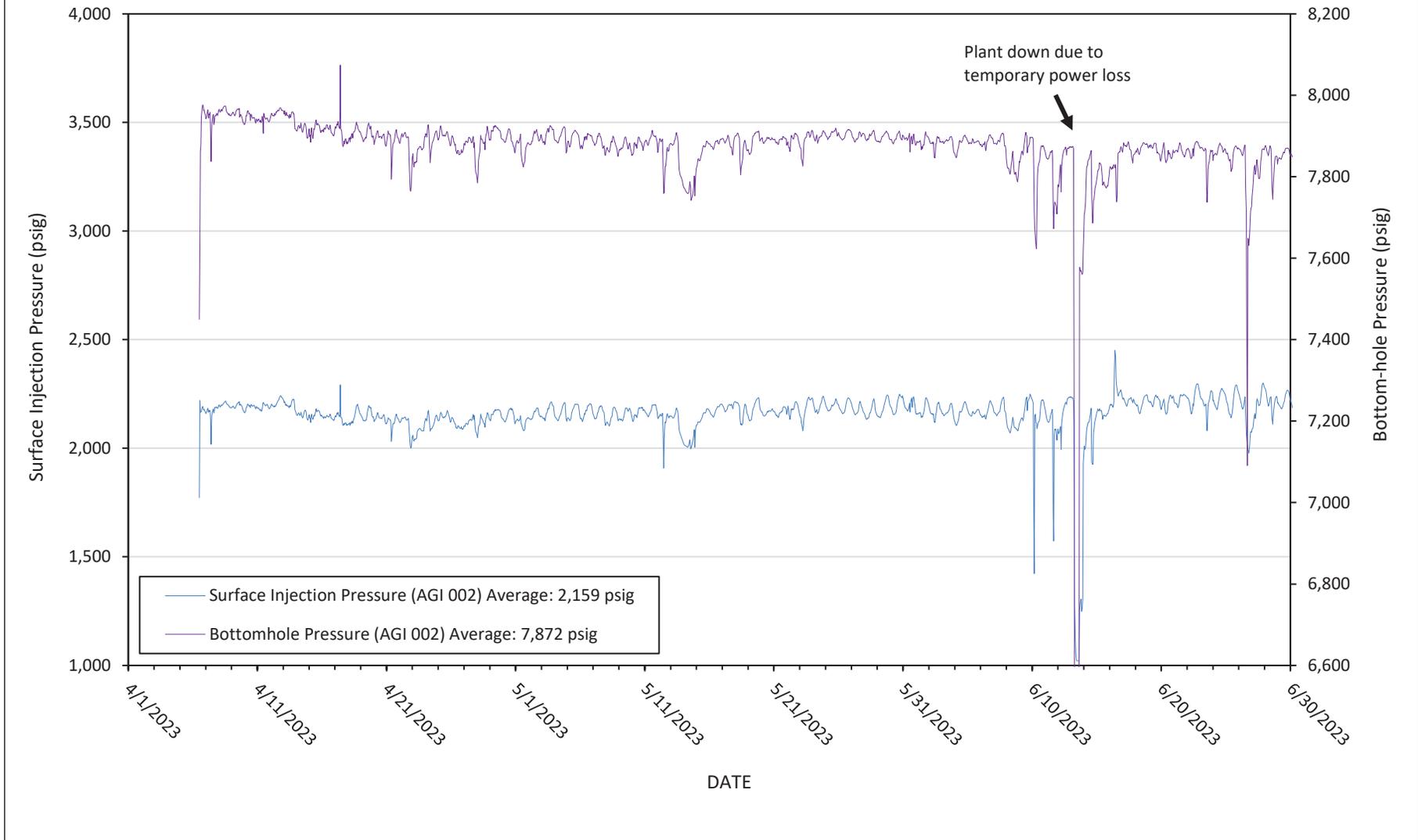




FIGURE 9. INDEPENDENCE AGI #2 BOTTOM-HOLE PRESSURE AND TEMPERATURE

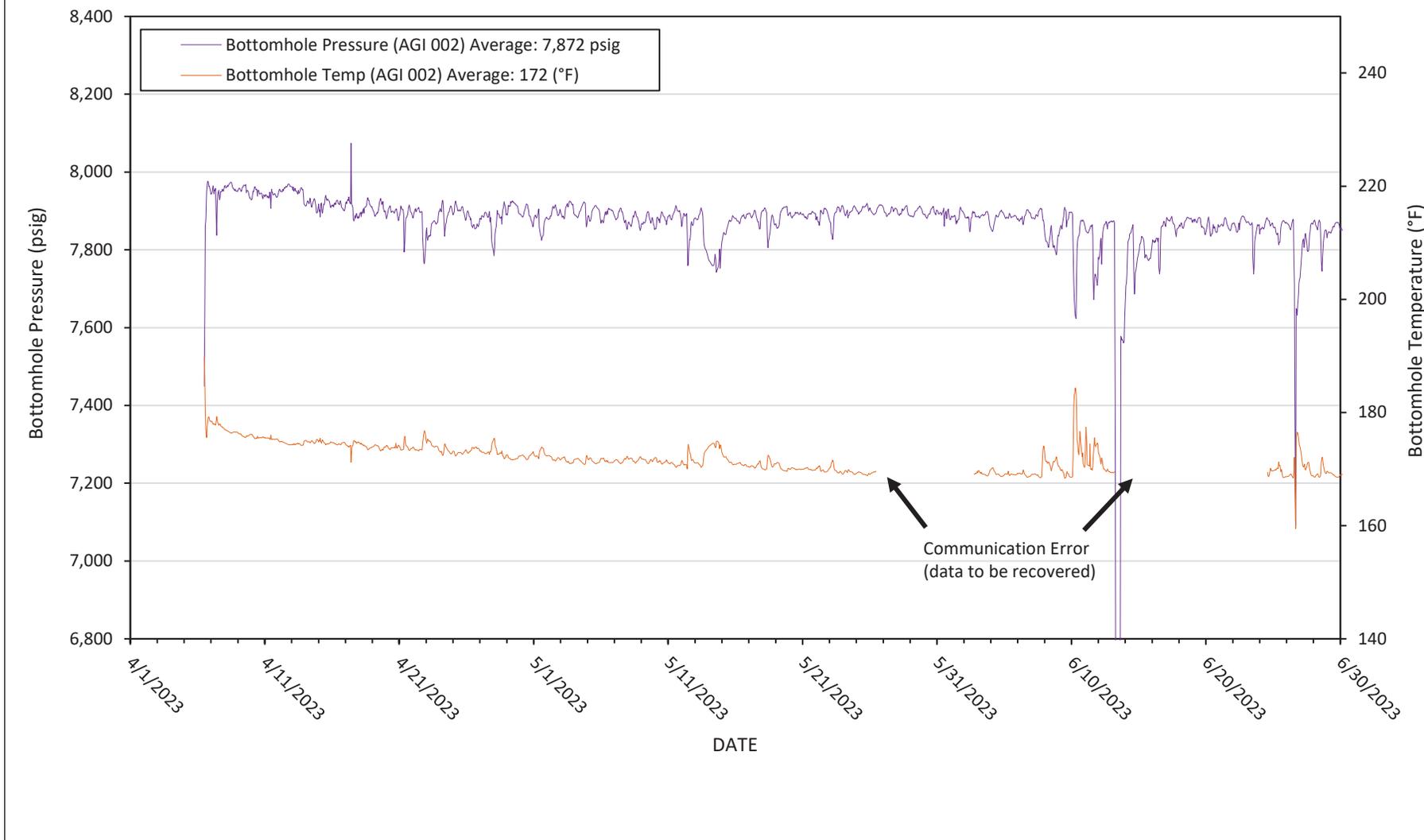
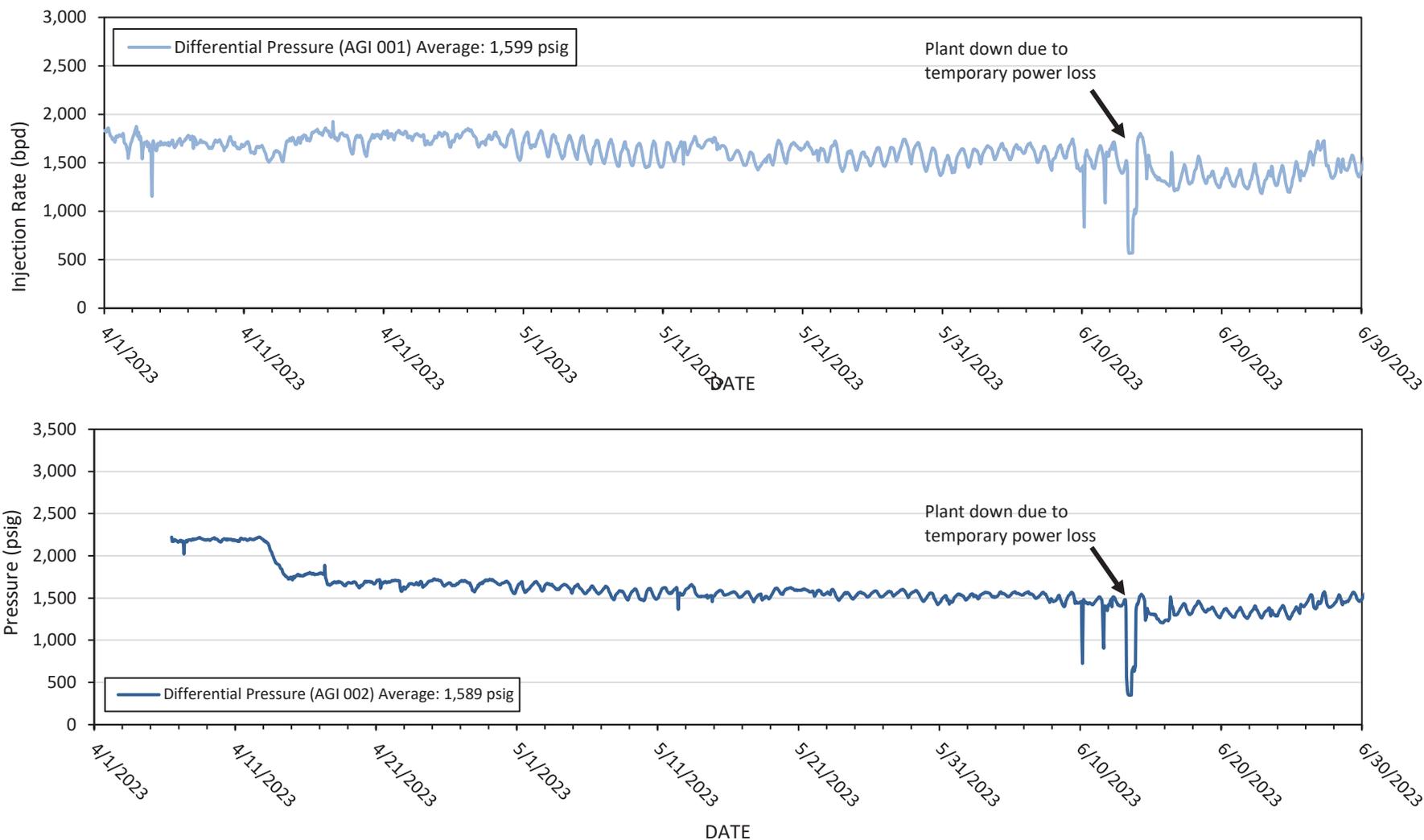




FIGURE 10. INDEPENDENCE AGI #1 AND AGI #2 DIFFERENTIAL PRESSURE



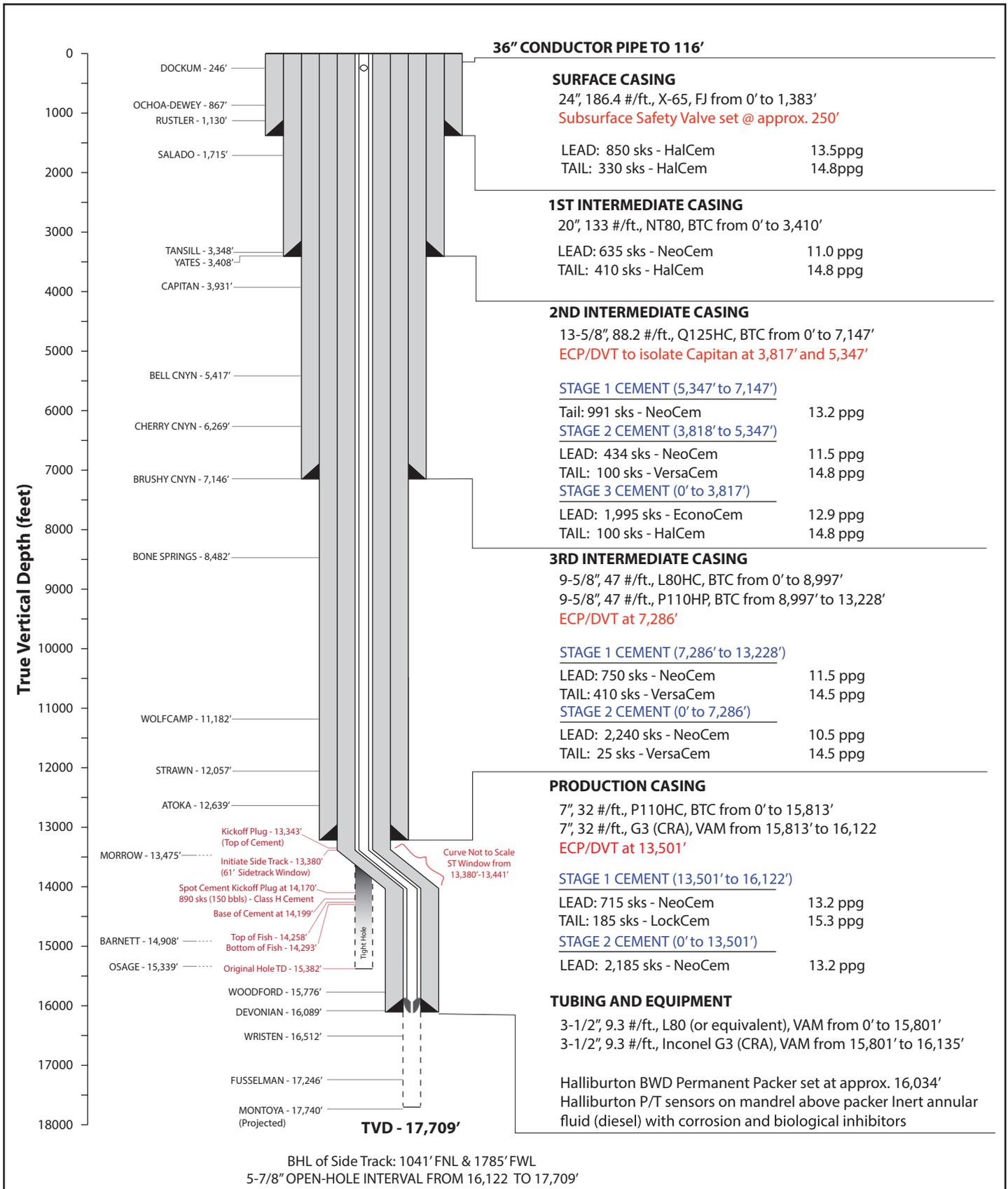


INDEPENDENCE AGI #1

UL C - S20 - T25S - R36E

API: 30-025-48081

Lat: 32.120855, Long: -103.291021



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.

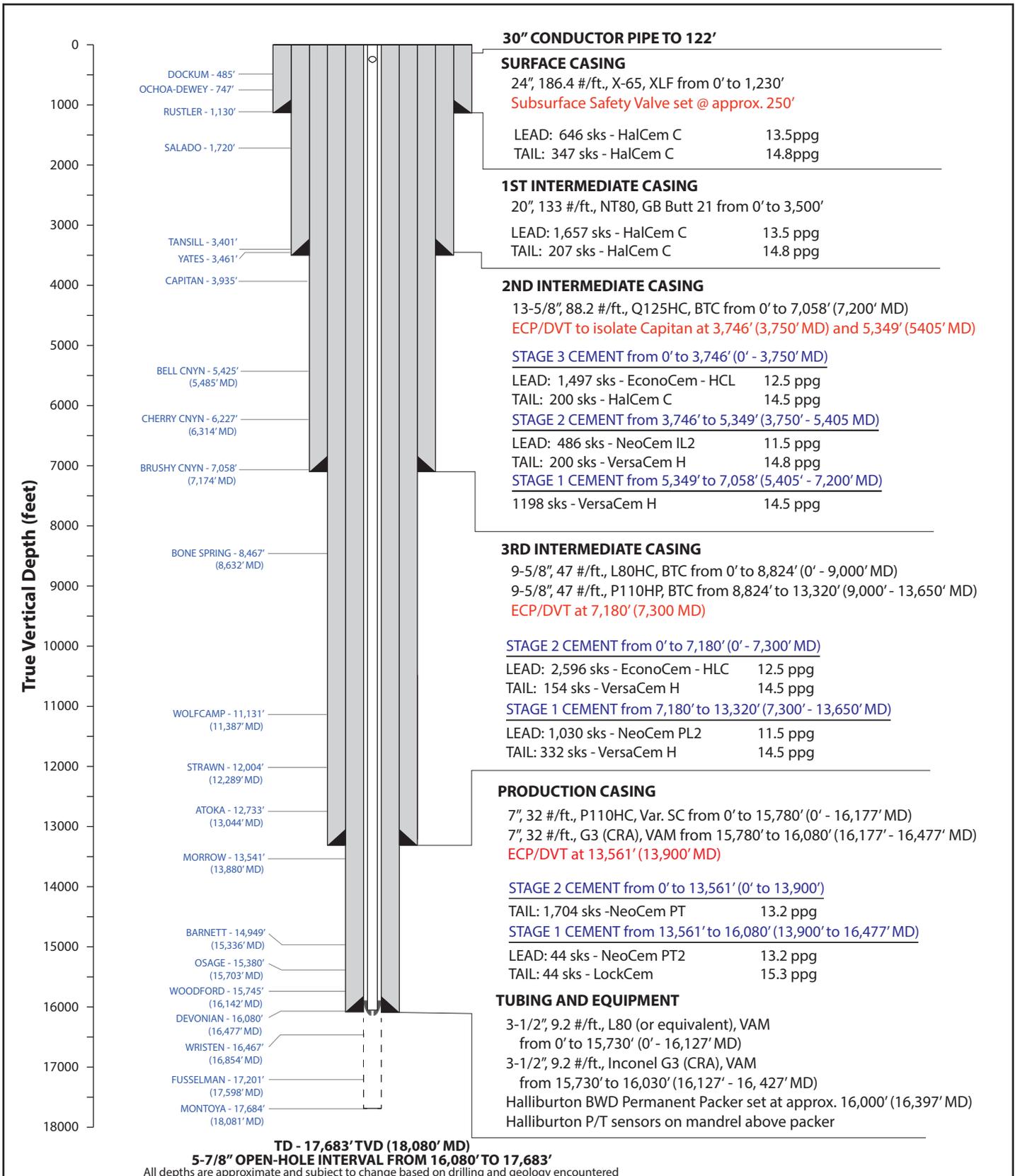


INDEPENDENCE AGI #2

UL C - S20 - T25S - R36E

API: 30-025-49974

Lat: 32.1200628, Long: -103.2910251



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

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Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 243855

CONDITIONS

Operator: Pinon Midstream LLC 465 W. NM Highway 128 Jal, NM 88252	OGRID: 330718
	Action Number: 243855
	Action Type: [C-103] Sub. General Sundry (C-103Z)

CONDITIONS

Created By	Condition	Condition Date
mgebremichael	None	8/15/2023