ANALYSIS OF ANNUAL INJECTION TRENDS AND REQUEST TO CONTINUE OPERATION UNDER THE CURRENT IMMEDIATE NOTIFICATION PARAMETERS

PIÑON MIDSTREAM, LLC

Independence AGI #1	Independence AGI #2
API: 30-025-48081	API: 30-025-49974
NMOCC Order R-21455 (A,B)	NMOCD Order SWD-2464

This document presents the results from the analyses of injection parameter data, which reflect the operation of the Independence AGI #1 and AGI #2 wells during the 2023 calendar year, and since the commencement of AGI operations, which began in 2021 with the commissioning of Independence AGI #1. The AGI wells serve the Piñon Midstream, LLC (Piñon) Dark Horse Treating Facility in Lea County, NM, and were placed in service on August 2021 (AGI #1) and April 2023 (AGI #2). Since commissioning of the wells, injection parameter data have been continuously monitored, recorded, and have been analyzed by Geolex, Inc.® (Geolex) on a monthly basis. Pursuant to the requirements of NMOCC Order R-21455 (A-B) and NMOCD Order SWD-2464, injection data reports based on the analysis of injection parameter data have been prepared and submitted to NMOCD by Geolex.

The Independence AGI #1 and AGI #2 wells were both completed to inject via an open-hole completion into the interval of Devonian through Fusselman geologic strata. Independence AGI #1 was drilled as a vertical well with a surface location on the existing Dark Horse Treating Facility property. The AGI #2 well was also drilled at a surface location on the existing plant property but was constructed as a deviated well with a bottom-hole located 3,100 feet to the south-southeast on property wholly owned by Piñon. From January through March 2023 (Q1), the AGI #1 well served as the primary disposal method for acid gas (H_2S and CO_2) at the Piñon facility. Following Q1 2023 operations, construction operations for the AGI #2 well were completed and the second AGI well was commissioned in April 2023. For the remainder of the 2023 calendar year (Q2-Q4), AGI #1 and AGI #2 were operated concurrently.

To monitor the impact that injection operations at the Dark Horse Treating Facility has on the injection reservoir, Independence AGI #1 and AGI #2 were completed with bottom-hole sensors, which provide the ability to monitor real-time reservoir conditions in the Devonian by providing reliable bottom-hole pressure and temperature data. Additionally, surface injection data from the well is continuously monitored and collected relative to the following parameters:

- Treated Acid Gas (TAG) Surface Injection Pressure
- TAG Surface Injection Temperature
- Surface Tubing-Casing Annular Pressure
- Bottom-Hole Pressure and Temperature
- TAG Injection Flow Rate
- Differential Pressure (between injection tubing and casing annulus)

The above are the key parameters which are currently being recorded in the well in order to monitor the operations, prevent hydrate formation, and minimize corrosion potential. Since these parameters are useful indicators and predictors of potential operational or mechanical problems in the well, various levels of alarms have been established for each of these parameters. Surface injection parameters include three direct measurements (TAG injection pressure, TAG injection temperature, and surface tubing-casing annular pressure) and one value (differential pressure) calculated as the difference between measured injection pressure and measured tubing-casing annular pressure. The analyses of these parameters are

critical in identifying long-term trends and in the development of appropriate alarm ranges for each parameter. Surface operating parameters for the Independence AGI #1 and AGI #2 wells, for the period since well commissioning, are included in Tables 1 and 2 of this report.

In addition to surface monitoring, the AGI wells at the Piñon Dark Horse Treating Facility are also equipped with bottom-hole pressure and temperature sensors, which monitor the injection tubing conditions and have been installed on a mandrel immediately overlying the injection packer. The monitoring of these additional parameters aids significantly in determining appropriate Immediate Notification Parameters, which are required by NMOCC Order R-21455 and NMOCD Order SWD-2464 (the "Orders"). Following the commissioning of the AGI #1 well, initial Immediate Notification Parameters recommendations were based on operational experience with other AGI systems, and the associated injection parameter data have demonstrated that these notification conditions have been appropriate for the Independence AGI #1 throughout the total period of operation (August 2021 through December 2023). Furthermore, current Immediate Notification Parameters are fully suitable and applicable to operations via the AGI #2 well. As additional operating data is recorded for the AGI wells, long-term trends and analyses of these data will be utilized to further refine the Immediate Notification Parameters, as necessary.

To assure that successful and safe operation of the AGI well is maintained, Geolex reviews and analyzes Independence AGI #1 and AGI #2 injection parameter data on a monthly basis, and provides a quarterly injection analysis report to NMOCD, in accordance with the requirements of Orders authorizing operation of the wells. Observed trends in the injection parameter data for the 2023 operational period, as well as all data collected over the life of the wells (September 2021 through December 2023) can be seen in Tables 1-2 and Figures 1-4 of this report.

Analyses of the 2023 Independence AGI #1 and AGI #2 injection parameter data demonstrate that the Siluro-Devonian injection reservoir is responding satisfactorily to injection operations with operating pressures observed to be within an acceptable and anticipated range. Throughout the period of 2023, total TAG injection rates have continued to increase as the facility treatment volume has increased, with the majority of TAG being injected into the AGI #1 well. This increase has been anticipated and is in accordance with forecasts of gas-disposal needs for production operations in the area. As expected, any increase in the TAG injection rate produces a corresponding increase in surface- and bottom-hole injection pressure, and there are no indications that current reservoir conditions are impeding Piñon's ability to inject, nor are they exhibiting any indication of unexpected reservoir pressure increase. For the period of 2023 operation, Independence AGI #1 injection rates have increased approximately 13.6% over the prior 2022 period of partial operations (up to an average of approx. 4.65 MMSCFD) and AGI #2 injected at a rate of approximately 1.94 MMSCFD from Q2 through Q4 2023. In total, the AGI #1 and #2 wells injected approximately 1,966 MMSCF of TAG, in calendar year 2023, permanently sequestering approximately 28,000 tons of sulfur and 84,000 tons of CO_2.

Given the observations of the injection parameter trends, it is clear that the AGI wells have demonstrated excellent mechanical integrity over the 2023 operational period, as shown in the relationship between surface injection pressure and surface annular pressure. These data trends (Figures 1 and 3) show that an adequate pressure differential has been maintained between injection tubing and injection tubing annulus, thus, confirming the mechanical integrity of the system.

In Q4 2023, Piñon initiated a total shutdown of the Dark Horse Treating Facility, beginning on November 22, 2023. All gas treatment operations at the facility were suspended and the total facility shutdown continues at the time of this report. While shutdown of the facility was unrelated to the operational status of the AGI wells, both wells have been isolated and blocked in (at the surface and via the down-hole subsurface safety valves) from other plant processes, fully locked out, and the AGI injection strings have

been loaded with methanol to ensure there is no development of corrosive conditions within the wells. Total shutdown of the facility is anticipated to continue for approximately two to three months.

With respect to the AGI #1 and AGI #2 wells, there have been no significant operational issues during the 2023 calendar year. Injection parameter data exhibit operating trends indicative of mechanically-sound injection wells, and annual mechanical integrity testing and bradenhead testing (completed in October 2023 for AGI #1 and AGI #2) confirmed the physical integrity of the AGI wells. Intermittently, during the 2023 operating period, communication issues between the Halliburton surface control panels (which monitor and report bottom-hole pressure and temperature conditions) and the facility control room have been observed. When possible, erroneous data have been corrected utilizing data recorded via the on-board backup memory within each surface panel. These data demonstrate that the existing communication issues stem solely from the output of data from the panel to the facility control system. Currently, Piñon is coordinating with Geolex and Halliburton to resolve the existing transmission issues, and to acquire critical spare panels that can be rapidly deployed in the event of existing panel failures.

REVIEW OF STATISTICAL ANALYSIS OF INJECTION PARAMETERS, DEVELOPMENT OF, AND REQUEST TO, CONTINUE WITH APPROVED IMMEDIATE NOTIFICATION PARAMETERS FOR INDEPENDENCE AGI #1 (API: 30-025-48081) UNDER NMOCC ORDER R-21455 (A-B) AND INDEPENDENCE AGI #2 (API: 30-025-49974) UNDER NMOCD ORDER SWD-2464

The statistical analyses of the injection parameter data of other AGI well projects were initially utilized for the purpose of identifying and establishing normal operating levels for the Independence AGI #1 and AGI #2 wells, which are continuously and automatically monitored via the facility control system. Over the period of 2023 operation, acquired operational data confirms the adequacy of these normal operating levels. As the AGI wells continue to be operated through calendar year 2024, collected injection parameter data will continue to be utilized to further refine the understanding of normal operating conditions and the determination of appropriate alarm ranges.

Since commissioning of the Independence AGI #1 and AGI #2 wells, all injection parameters have been continuously monitored, recorded, and analyzed by Geolex. Tables 1 and 2 include summaries of average injection parameter data for the Independence AGI #1 and AGI #2 wells, respectively, for the period of 2023 operation, and since the initial commencement of AGI operations (September 2021).

Based on the analysis of these trends, the original Immediate Notification Parameters remain appropriate for the future operation of the AGI well through calendar year 2024.

The current Immediate Notification Parameters for the Independence AGI #1 and #2 wells are summarized below:

1. Exceedance of the approved maximum allowable operating pressure (MAOP) of 4,779 psig (surface) for Independence AGI #1 and 5,005 psig for Independence AGI #2 for a period greater than two hours
2. Failure of a mechanical integrity test (MIT)
3. Confirmation of any condition that indicates a tubing, packer, or casing leak
4. Consistent increase of the annular pressure to a value greater than 80% of the injection pressure
5. Any release of H_2S which results in an activation of the facility's Rule 11 H_2S Contingency Plan
6. Any workover or maintenance activity that requires intrusive work in the well

Based on the analysis of operating conditions for the 2023 calendar year, Piñon requests the current Immediate Notification Parameters remain in effect for the 2024 calendar year for operation of the Independence AGI #1 and Independence AGI #2 wells.

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TABLE 1. INDEPENDENCE AGI #1 ANNUAL SUMMARY OF INJECTION PARAMETER DATA (September 2021 through December 2023)

Reporting Period	TAG Injection Temperature (Avg. °F)	Surface TAG Inj. Pressure (psig)	Surface Casing Annulus Pressure (psig)	Pressure Differential (Inj. Tubing - Casing Annulus)	Flowrate (bpd)	Flowrate (MSCFD)	Bottom Hole Pressure (Avg. psig)	Bottom Hole Temperature (Avg. °F)	Notes
Monthly Average Operating Conditions									
2021 - Q3	105	1732	190	1542	808	1800	7377	199	AGI well was put into service on Aug. 21, 2021. Quarterly reporting began on Sep. 1, 2021.
2021 - Q4	112	1825	215	1609	1351	2850	7463	189	Communication failure Halliburton Surface Panel (BHT/BHP). 9/2 to 9/17 recovered and surface panel was replaced.
2022 - Q1	120	1941	440	1499	1778	3541	7527	183	
2022 - Q2	135	2033	716	1318	1692	3179	7525	184	
2022 - Q3	141	2083	646	1437	1888	3426	7569	182	BHP/BHT Surface Panel damaged by lightning strike MIT completed on July 14, 2022
2022 - Q4	132	2118	557	1562	2242	4073	7670	179	Bottom-hole sensor (P/T) surface panel replaced
2023 - Q1	126	2188	481	1708	2726	5732	7756	175	
2023 - Q2	137	2163	564	1599	2156	4140	7695	179	
2023 - Q3	153	2313	644	1669	2435	4333	7724	180	
2023 - Q4	134	2244	221	1967	2133	4218	7721	182	Facility Shutdown 11/22 - AGI blocked in and loaded with methanol
Average Operating Conditions & Standard Deviation									
Average (2021)	109	1779	203	1576	1080	2325	7420	194	
Average (2022)	132	2044	590	1454	1900	3555	7573	182	
Average (2023)	138	2227	478	1736	2363	4606	7724	179	
St. Dev. (2021)	4	47	13	34	272	525	43	5	
St. Dev. (2022)	8	67	103	90	209	327	59	2	
St. Dev. (2023)	10	58	159	139	241	654	22	3	
Lifetime Average	130	2064	467	1591	1921	3729	7603	183	
Lifetime St. Dev.	13	175	186	165	525	991	122	6	

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

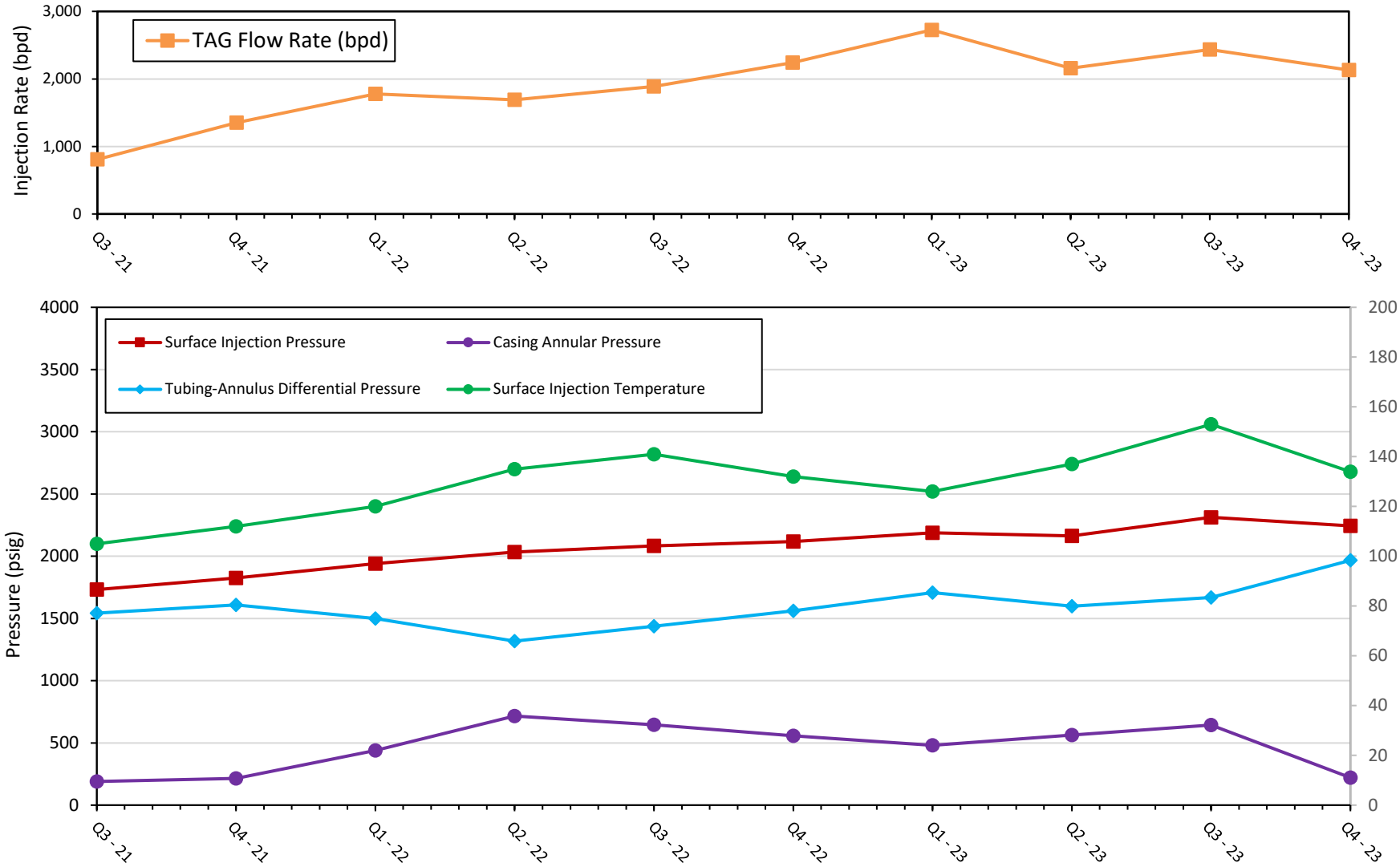

FIGURE 2. INDEPENDENCE AGI #1 SUMMARY OF BOTTOM-HOLE INJECTION DATA

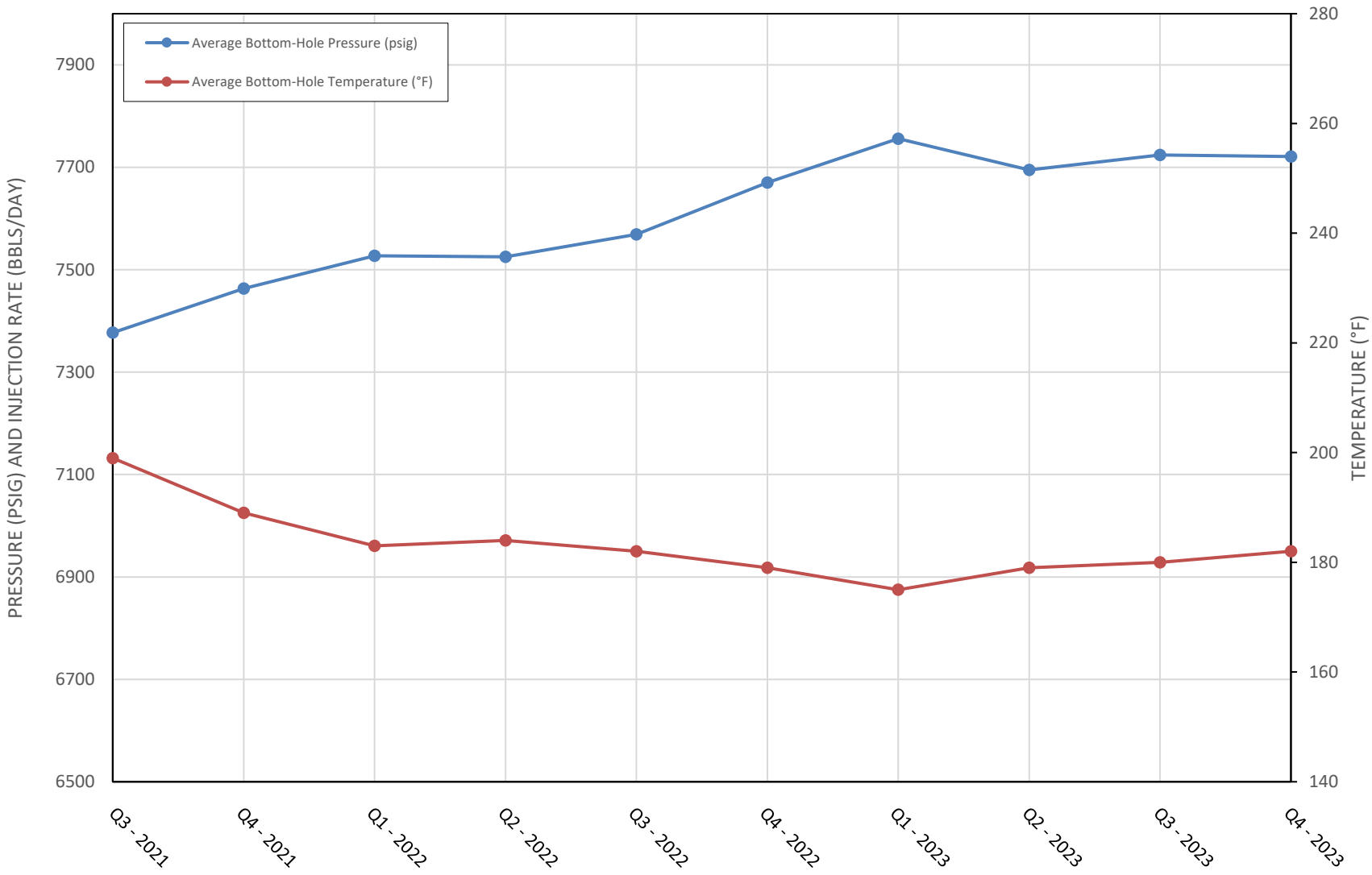

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TABLE 2. INDEPENDENCE AGI #2 ANNUAL SUMMARY OF INJECTION PARAMETER DATA (April 2023 through December 2023)

Reporting Period	TAG Injection Temperature (Avg. °F)	Surface TAG Inj. Pressure (psig)	Surface Casing Annulus Pressure (psig)	Pressure Differential (Inj. Tubing - Casing Annulus)	Flowrate (bpd)	Flowrate (MSCFD)	Bottom Hole Pressure (Avg. psig)	Bottom Hole Temperature (Avg. °F)	Notes
Monthly Average Operating Conditions									
2021 - Q3									
2021 - Q4									
2022 - Q1									
2022 - Q2									
2022 - Q3									
2022 - Q4									
2023 - Q1									
2023 - Q2	136	2159	569	1589	973.62	1769.86	7872	172	
2023 - Q3	150	2317	324	2122	1007.65	1892.28	8001	198	Facility Shutdown 11/22 - AGI blocked in and loaded with methanol
2023 - Q4	131	2244	287	1903	1161.34	2310.54	8041	167	Facility Shutdown 11/22 - AGI blocked in and loaded with methanol
Average Operating Conditions & Standard Deviation									
Average (2023)	139	2240	393	1871	1048	1991	7971	179	
St. Dev. (2023)	8	65	125	219	82	231	72	14	
Lifetime Average	139	2240	393	1871	1048	1991	7971	179	
Lifetime St. Dev.	8	65	125	219	82	231	72	14	

FIGURE 3. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE, AND INJECTION RATE

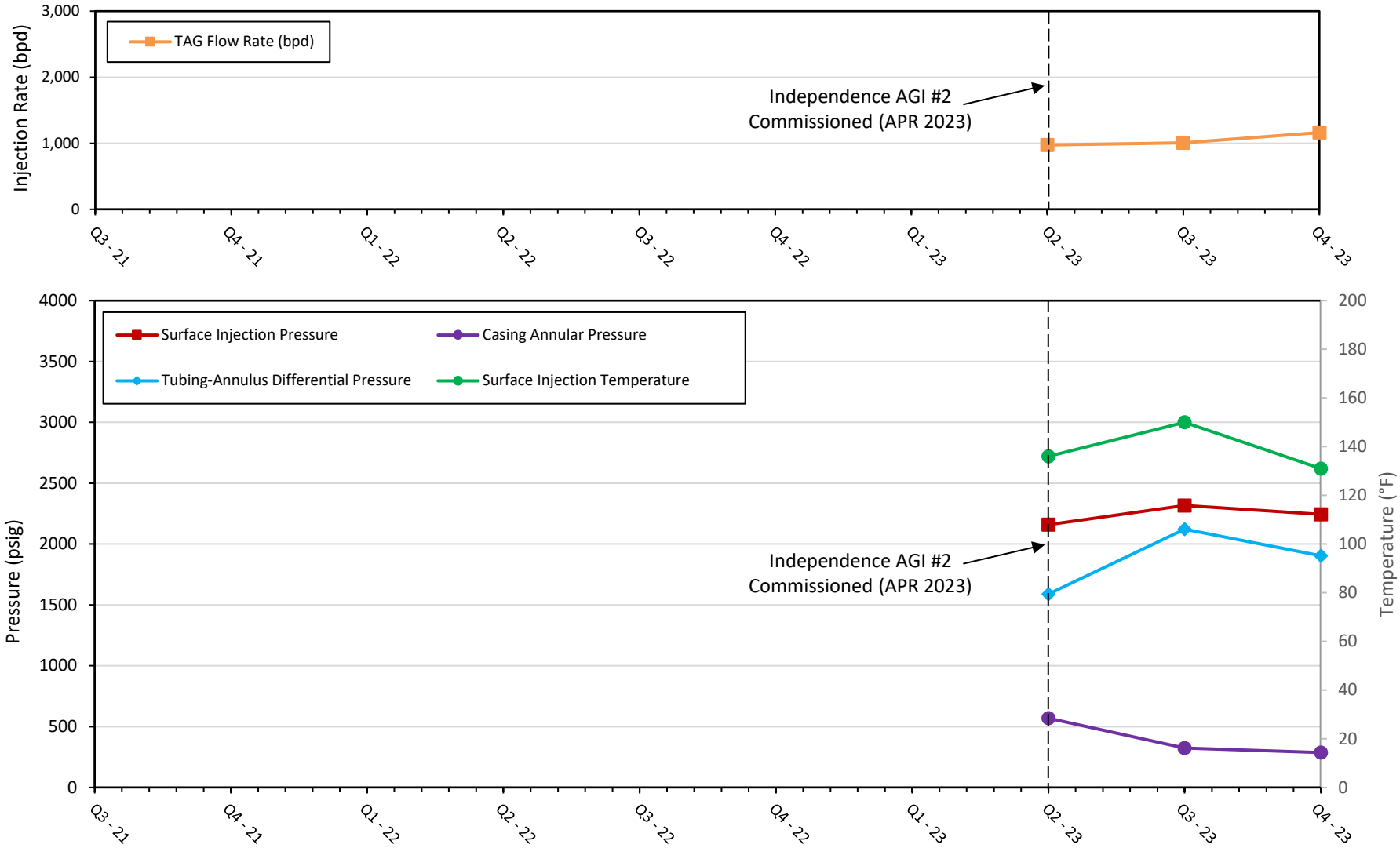
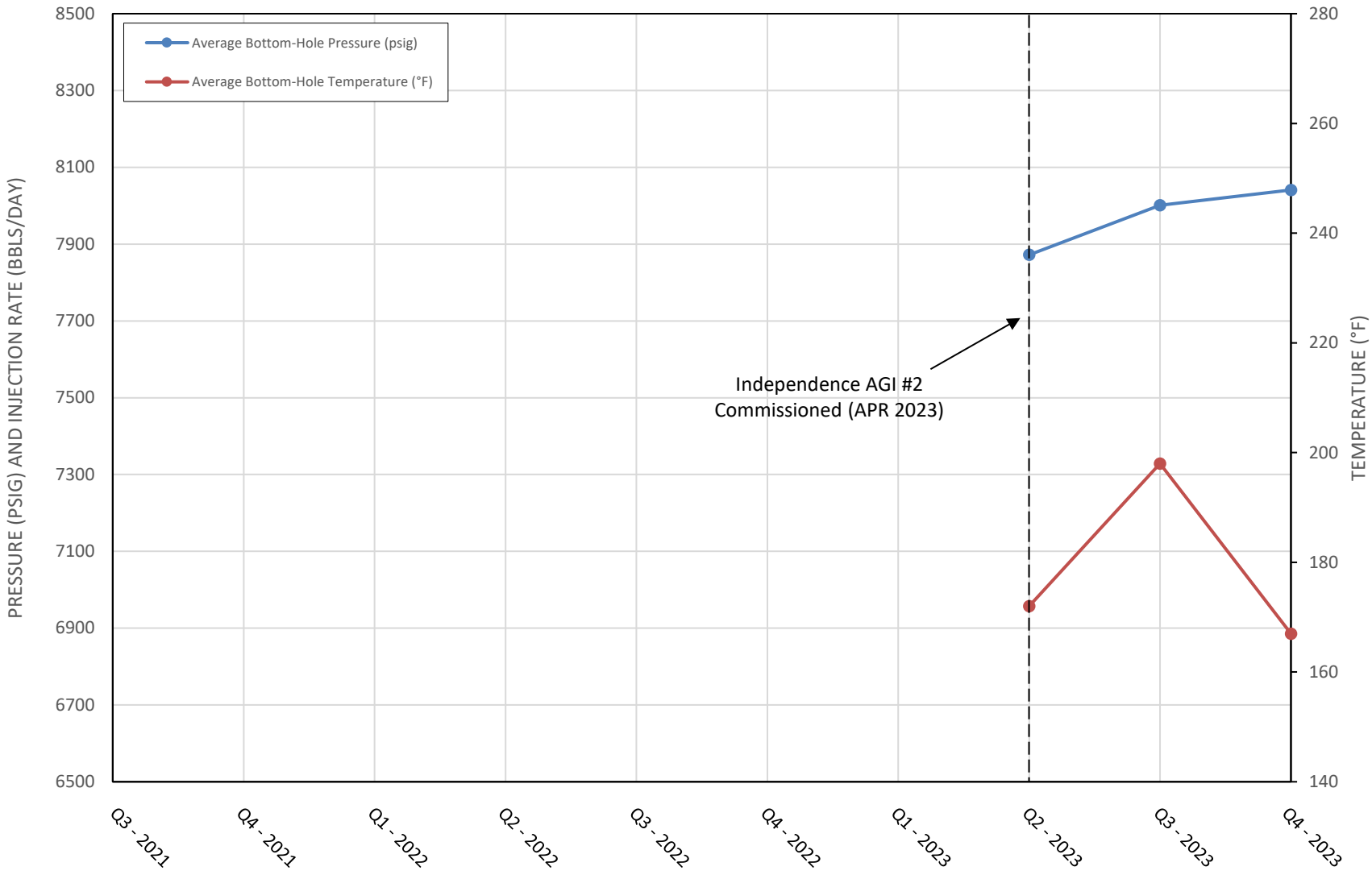


FIGURE 4. INDEPENDENCE AGI #2 SUMMARY OF BOTTOM-HOLE INJECTION DATA



AS-BUILT WELL SCHEMATIC
INDEPENDENCE AGI #1 AND #2 WELLS

PIÑON MIDSTREAM

INDEPENDENCE AGI #1

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

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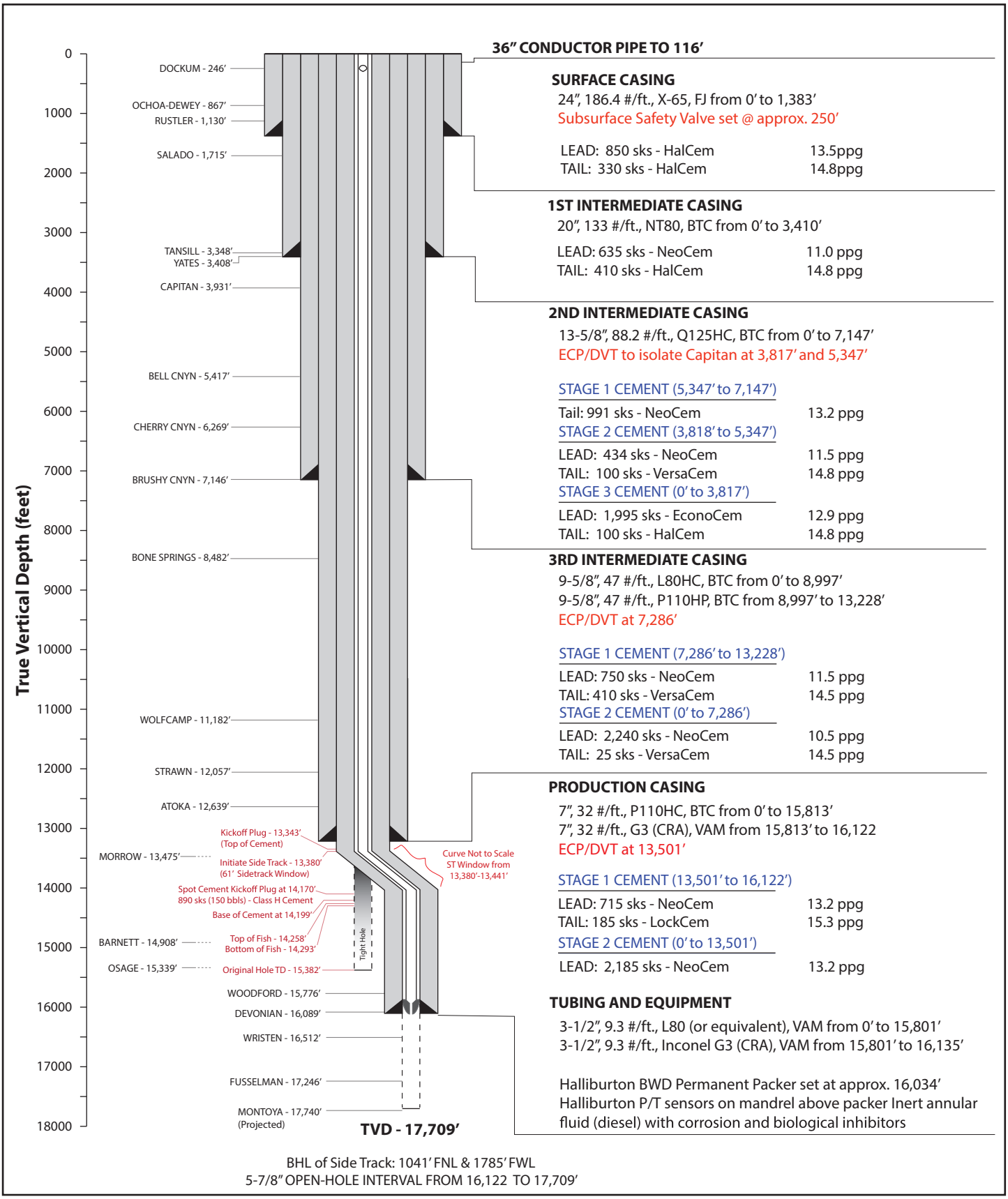

As-drilled well schematic consisting of a surface string of casing, three intermediate strings , and a production string with associating tubing/equipment and cement types. Original hole and sidetrack are shown.

PIÑON MIDSTREAM

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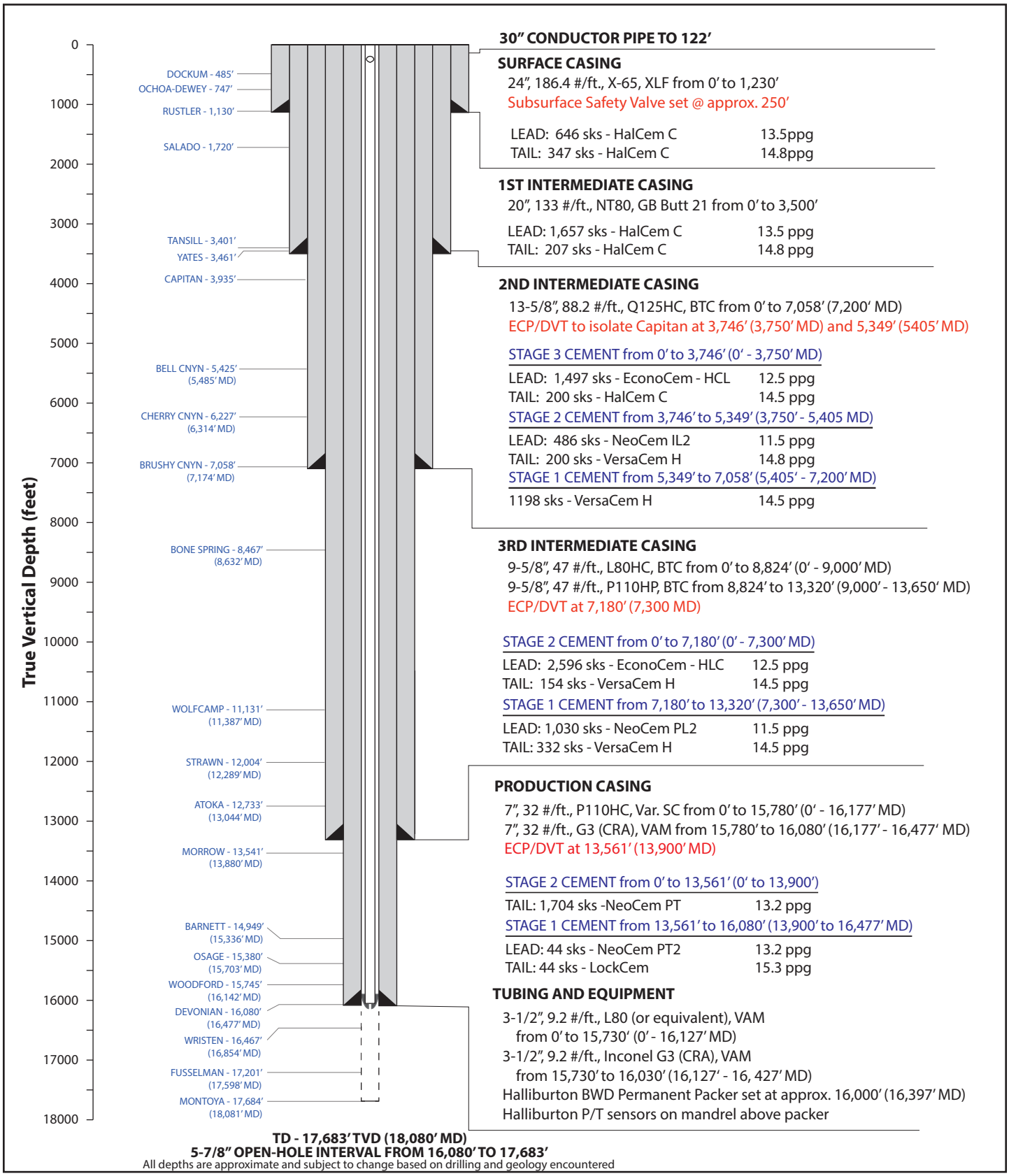
INDEPENDENCE AGI #2

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

2023 MECHANICAL INTEGRITY AND BRADENHEAD TESTING REPORTS INDEPENDENCE AGI #1

(Operations completed October 2023)

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. 30-025-48081

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 Well ☒

8. Well Number 1

2. Name of Operator: Piñon Midstream LLC

9. OGRID Number 330718

3. Address of Operator: 465 West NW Hwy 128, Jal, NM 88252

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

4. Well Location
Unit Letter C : 829 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: Mechanical Integrity Test	☒		

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 a wellbore diagram of proposed completion or recompletion. This well is permitted under NMOCC Order #R-21455-A as a UIC Class II AGI well.

The MIT was conducted on Tuesday, October 31, 2023. Gary Robinson (NMOCD) was on-site to approve the MIT and conduct a Bradenhead Test (BHT). Below is a step-by-step summary with results:

1. Prior to the start of the MIT, the annular space pressure between the production casing and tubing was 77 psi (sensor) and TAG was being injected at a tubing pressure of 2,300 psi (crown gauge).
2. A BHT was performed by monitoring the pressure from each of the four other casing annulus valves.
3. Lines from the pump truck and a calibrated chart recorder were attached to the production casing annulus valve and the pressure was bled to 0 psi. At 9:58 am the chart recorder was started and at 10:00 am diesel from the pump truck was added to achieve a pressure of 590 psi. The well and recorder were isolated from the truck to begin the MIT.
4. The chart monitored the annulus pressure until 10:33 am (33 minutes). Diesel was then bled back to 0 psi and the chart was removed from the recorder. An operating pressure of 309 psi was left on the production annulus.
5. During the test, the annulus pressure decreased from 590 to 580 psi; a drop of 10 psi (1.7%) with stable pressures over the final 30 minutes.
6. The other four casing annulus pressures remained unchanged during the MIT.

Please see the attached MIT pressure chart, well diagram and chart recorder calibration sheet. The corresponding Bradenhead test has been filed separately via Form UF-BHT.

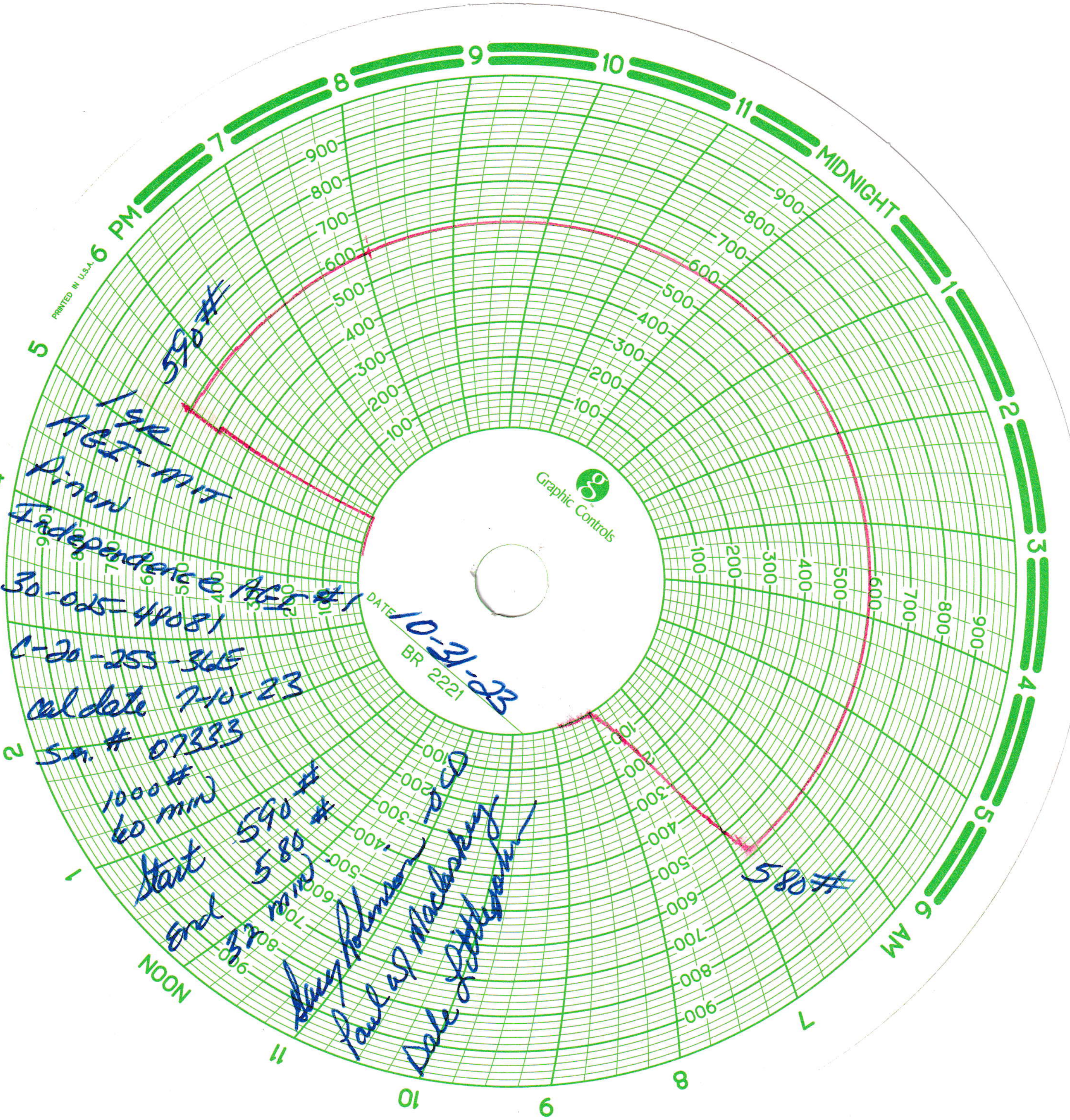
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Dale T Littlejohn TITLE Consultant to Piñon DATE October 31, 2023

Type or print name Dale Littlejohn E-mail address: dale@geolex.com PHONE: 505-842-8000

For State Use Only

APPROVED BY:_____ TITLE_____ DATE_____
Conditions of Approval (if any):


Graphic Controls
DATE 10-31-23
BR 2221
PRINTED IN U.S.A.
MIDNIGHT
6 PM
6 AM
NOON
590#
580#
ISR
AGI-MIT
Pinon
Independence AGI #1
30-025-48081
C-20-255-36E
cal date 7-10-23
S.n. # 07333
1000#
60 min
Start 590#
End 580#
32 min
OCD

MACLASKEY
OILFIELD SERVICES

5900 WEST LOVINGTON HWY. HOBBS,N.M. 88240
505-393-1016

THIS IS TO CERTIFY THAT: DATE: 7-10-23

I, Albert Rodriguez METER TECHNICAN FOR MACLASKEY OILFIELD SERVICES, INC. HAS ~~CHECKED THE CALIBRATION ON THE FOLLOWING~~ INSTRUMENT. 1000 PRESSURE RECORDER

SERIAL NUMBER
07333

TESTED AT THESE POINTS.

PRESSURE 500			PRESSURE 1000		
TEST	AS FOUND	CORRECTED	TEST	AS FOUND	CORRECT
0	100	✓	500	600	✓
100	200	✓	600	700	✓
200	300	✓	700	800	✓
300	400	✓	800	900	✓
400	500	✓	900	1000	✓

REMARKS: _____

SIGNED: Albert Rodriguez

PIÑON MIDSTREAM

INDEPENDENCE AGI #1

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

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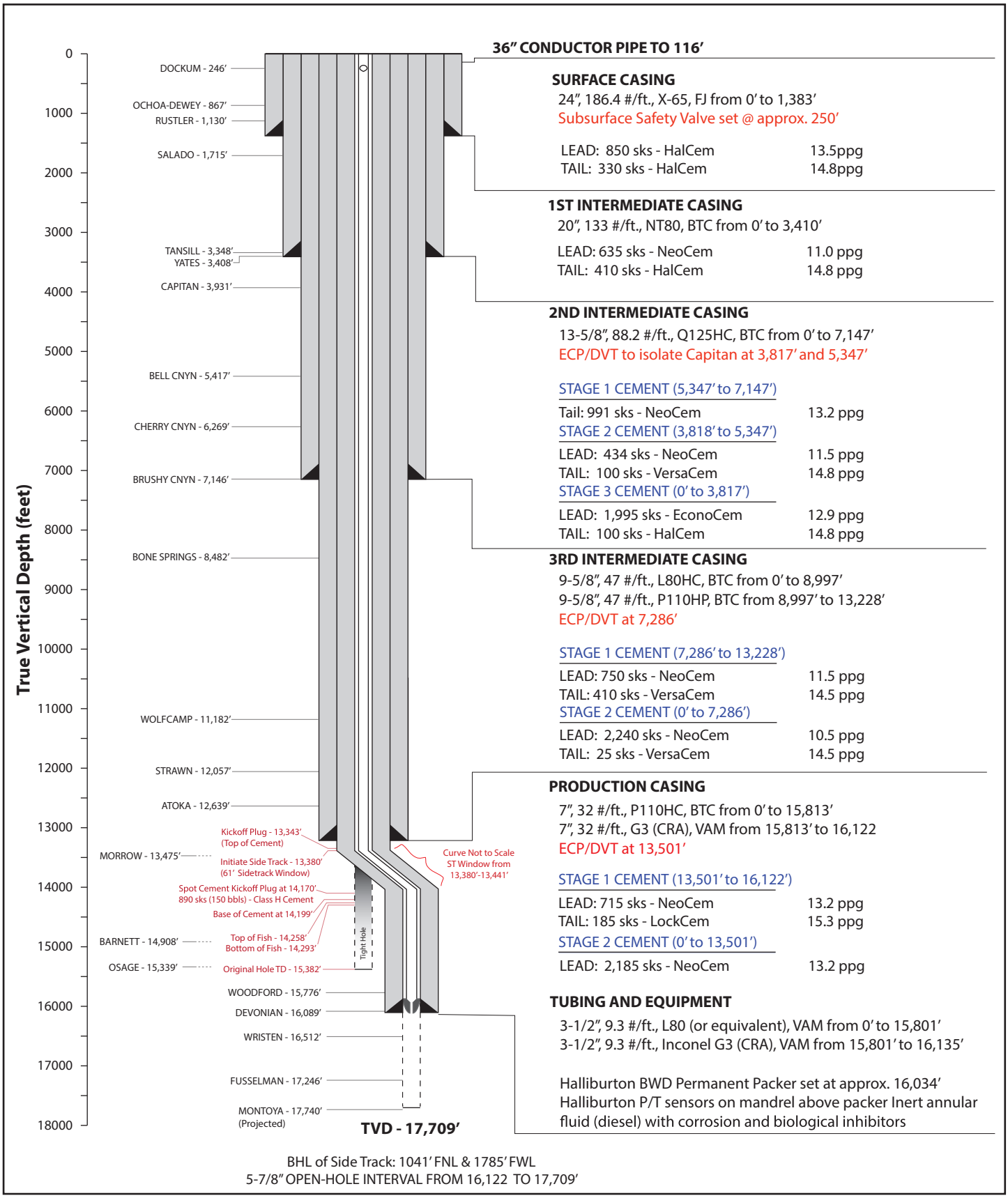


36" CONDUCTOR PIPE TO 116'

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.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
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 287518

CONDITIONS

Operator: Pinon Midstream LLC 465 W. NM Highway 128 Jal, NM 88252	OGRID: 330718
	Action Number: 287518
	Action Type: [C-103] Sub. General Sundry (C-103Z)

CONDITIONS

Created By	Condition	Condition Date
gcordero	None	12/14/2023

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division Hobbs District Office

BRADENHEAD TEST REPORT

Operator Name	API Number
Pinon Midstream	30-025-48081
Property Name	**Well No.**
Independence AGI	#1

Surface Location

UL - Lot	Section	Township	Range		Feet from	N/S Line	Feet From	E/W Line	County
C	20	25S	36E		829	N	1443	W	LEA

Well Status

TA'D WELL		SHUT-IN		INJECTOR		PRODUCER		DATE
YES	NO	YES	NO	INJ	SWD	OIL	GAS	10-31-23

AGI - INJ.

OBSERVED DATA

AN #1 AN #2 AN #3

	(A)Surface	(B)Interm(1)	(C)Interm(2)	(D)Prod Csng	(E)Tubing
Pressure	535	415	0	77	2300
Flow Characteristics	Monitor	MONITOR	MONITOR		
Puff	Y / N	Y / N	Y / N	Y / N	CO2
Steady Flow	Y / N	Y / N	Y / N	Y / N	WTR ___
Surges	Y / N	Y / N	Y / N	Y / N	GAS ___
Down to nothing	Y / N	Y / N	Y / N	Y / N	Type of Fluid Injected for Waterflood if applies.
Gas or Oil	Y / N	Y / N	Y / N	Y / N	
Water	Y / N	Y / N	Y / N	Y / N	

Remarks – Please state for each string (A,B,C,D,E) pertinent information regarding bleed down or continuous build up if applies.

AN #4 (INT #3) 0# MONITOR

Signature:	OIL CONSERVATION DIVISION
Printed name:	Entered into RBDMS
Title:	Re-test
E-mail Address:	
Date: Phone:	
Witness: Gary Robinson	

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
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 287516

CONDITIONS

Operator: Pinon Midstream LLC 465 W. NM Highway 128 Jal, NM 88252	OGRID: 330718
	Action Number: 287516
	Action Type: [UF-BHT] Bradenhead Test (BRADENHEAD TEST)

CONDITIONS

Created By	Condition	Condition Date
kfortner	None	11/28/2023

2023 MECHANICAL INTEGRITY AND BRADENHEAD TESTING REPORTS INDEPENDENCE AGI #2

(Operations completed October 2023)

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. 30-025-49974

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 Well ☒

8. Well Number: 2

2. Name of Operator: Piñon Midstream LLC

9. OGRID Number: 330718

3. Address of Operator: 465 West NW Hwy 128, Jal, NM 88252

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

4. Well Location
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.)*
3,102 (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: Mechanical Integrity Test	☒		

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 a wellbore diagram of proposed completion or recompletion. This well is permitted under NMOCC Order #R-21455-A as a UIC Class II AGI well.

The MIT was conducted on Tuesday, October 31, 2023. Gary Robinson (NMOCD) was on-site to approve the MIT and conduct a Bradenhead Test (BHT). Below is a step-by-step summary with results:

1. Prior to the start of the MIT, the annulus pressure between the production casing and tubing was 221 psi (sensor) and TAG was being injected at a tubing pressure of 2,191 psi (sensor).
2. A BHT was performed by monitoring the pressure from each of the four other casing annulus valves.
3. Lines from the pump truck and a calibrated chart recorder were attached to the production casing annulus valve and the pressure was bled to 0 psi. At 11:18 am the chart recorder was started and from 11:22 am to 11:24 am diesel from the pump truck was added to achieve an annulus pressure of 610 psi. The well and recorder were then isolated from the pump truck to begin the MIT.
4. The chart monitored the annulus pressure until 11:57 am (33 minutes). Diesel was then bled back to 0 psi and the chart was removed from the recorder. An operating pressure of 320 psi was left on the production annulus.
5. During the test, the annulus pressure decreased from 610 to 580 psi; a drop of 30 psi (4.9%) with stable pressures over the final 28 minutes.
6. The other four casing annulus pressures remained unchanged during the MIT.

Please see the attached MIT pressure chart, well diagram, and chart recorder calibration sheet. The corresponding Bradenhead test has been filed separately via Form UF-BHT.

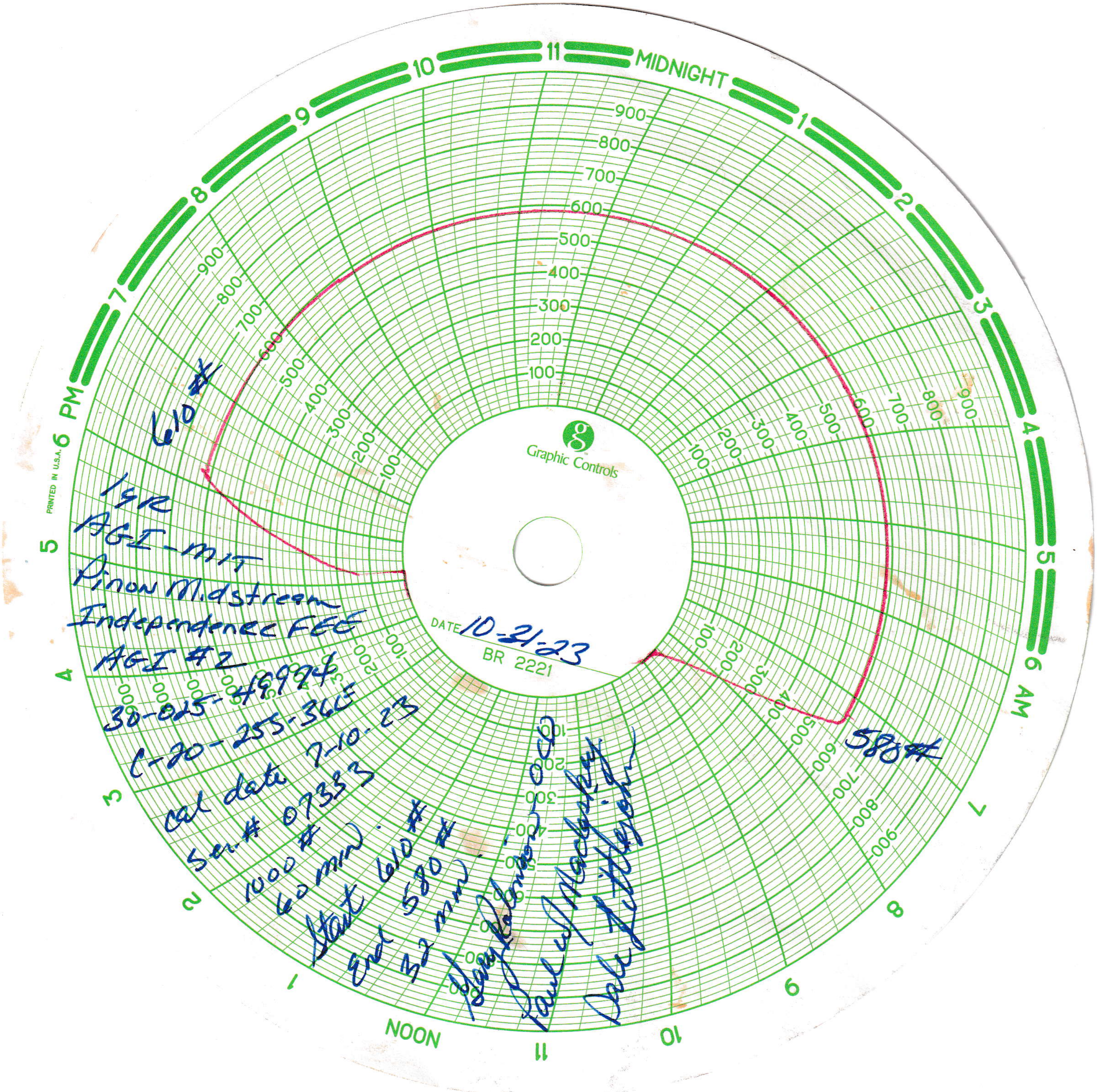
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Dale T Littlejohn TITLE Consultant to Piñon DATE October 31, 2023

Type or print name Dale Littlejohn E-mail address: dale@geolex.com PHONE: 505-842-8000

For State Use Only

APPROVED BY:_____ TITLE_____ DATE_____
Conditions of Approval (if any):


MIDNIGHT
NOON
PM
AM
Graphic Controls
PRINTED IN U.S.A.
DATE 10-21-23
BR 2221
610#
1 SR
AGI-MIT
Pinon Midstream
Independence FEE
AGI #2
30-025-49924
C-20-255-36E
cal date 7-10-23
Ser.# 07353
1000#
60 min
Start 610#
End 580#
32 min
OCD
580#

MACLASKEY
OILFIELD SERVICES

5900 WEST LOVINGTON HWY. HOBBS,N.M. 88240
505-393-1016

THIS IS TO CERTIFY THAT: DATE: 7-10-23

I, Albert Rodriguez METER TECHNICAN FOR MACLASKEY OILFIELD SERVICES, INC. HAS ~~CHECKED THE CALIBRATION ON THE FOLLOWING~~ INSTRUMENT. 1000 PRESSURE RECORDER

SERIAL NUMBER
07333

TESTED AT THESE POINTS.

PRESSURE 500			PRESSURE 1000		
TEST	AS FOUND	CORRECTED	TEST	AS FOUND	CORRECT
0	100	✓	500	600	✓
100	200	✓	600	700	✓
200	300	✓	700	800	✓
300	400	✓	800	900	✓
400	500	✓	900	1000	✓

REMARKS: _____

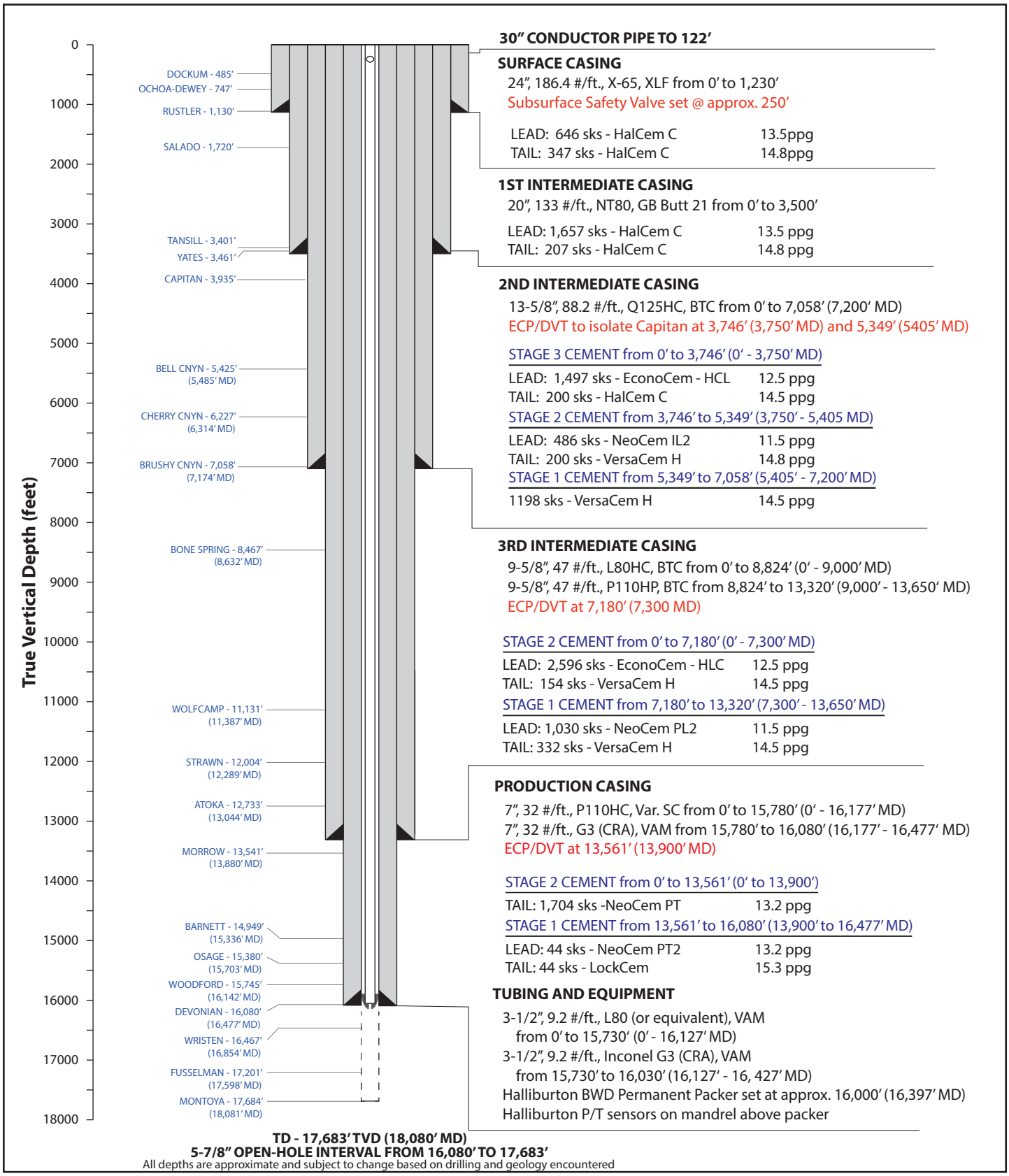
SIGNED: Albert Rodriguez

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

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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 287519

CONDITIONS

Operator: Pinon Midstream LLC 465 W. NM Highway 128 Jal, NM 88252	OGRID: 330718
	Action Number: 287519
	Action Type: [C-103] Sub. General Sundry (C-103Z)

CONDITIONS

Created By	Condition	Condition Date
gcordero	None	12/14/2023

District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division Hobbs District Office

BRADENHEAD TEST REPORT

Operator Name	API Number
Pinon Midstream	30-025-49974
Property Name	**Well No.**
Independence FEE AGI	#2

Surface Location

UL - Lot	Section	Township	Range		Feet from	N/S Line	Feet From	E/W Line	County
C	20	25S	36E		1110	N	1443	W	LEA

Well Status

TA'D WELL		SHUT-IN		INJECTOR		PRODUCER		DATE
YES	NO	YES	NO	INJ	SWD	OIL	GAS	10-31-23

AGI - INJ.

OBSERVED DATA

	(A)Surface	(B)Interm(1)	(C)Interm(2)	(D)Prod Csng	(E)Tubing
Pressure	0	10	0	221	2191
Flow Characteristics	MONITOR	MONITOR	Monitor	M	
Puff	Y / N	Y / N	Y / N	Y / N	CO2
Steady Flow	Y / N	Y / N	Y / N	Y / N	WTR ___
Surges	Y / N	Y / N	Y / N	Y / N	GAS ___
Down to nothing	Y / N	Y / N	Y / N	Y / N	Type of Fluid Injected for Waterflood if applies
Gas or Oil	Y / N	Y / N	Y / N	Y / N	
Water	Y / N	Y / N	Y / N	Y / N	

Remarks – Please state for each string (A,B,C,D,E) pertinent information regarding bleed down or continuous build up if applies.

INT #3 0# MONITOR

Signature:		OIL CONSERVATION DIVISION
Printed name:		Entered into RBDMS
Title:		Re-test
E-mail Address:		
Date:	Phone:	
	Witness: Gary Robinson	

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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 287517

CONDITIONS

Operator: Pinon Midstream LLC 465 W. NM Highway 128 Jal, NM 88252	OGRID: 330718
	Action Number: 287517
	Action Type: [UF-BHT] Bradenhead Test (BRADENHEAD TEST)

CONDITIONS

Created By	Condition	Condition Date
kfortner	None	11/28/2023

District I
1625 N. French Dr., Hobbs, NM 88240
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Oil Conservation Division
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Santa Fe, NM 87505

CONDITIONS

Action 312648

CONDITIONS

Operator: Pinon Midstream LLC 465 W. NM Highway 128 Jal, NM 88252	OGRID: 330718
	Action Number: 312648
	Action Type: [C-103] Sub. General Sundry (C-103Z)

CONDITIONS

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