

Office
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.
Independence AGI #1 30-025-48081
Independence AGI #2 30-025-49974
5. Indicate Type of Lease
STATE [] FEE [x]
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
11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3,103' (GR)

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 [x] ACID GAS INJECTION
2. Name of Operator Pinon Midstream, LLC
3. Address of Operator 465 W NM Highway 128; Jal, NM 88252
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

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

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []
CLOSED-LOOP SYSTEM []
OTHER: []
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: Quarterly Injection Data Reports [x]

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 (Q2) from April 1, 2024 through June 30, 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 Q2 2024. In this reporting period, operation of the AGI wells recommenced following a prolonged shutdown of the Dark Horse Treatment Facility from late November 2023 until early April 2024. As documented in the previous Q1 2024 operations report, the AGI wells were isolated, locked out, and loaded with methanol during the shut-in period. In advance of the recommencement of injection operations, Piñon and Geolex personnel thoroughly inspected and function-tested injection well equipment and monitored static shut-in conditions to ensure the wells were ready to be returned to service. Additionally, operating parameters were closely monitored in the days following the start of operations, to ensure no surface- or down-hole issues were on-going.

After the recommencement of injection activities, both the Independence AGI #1 and AGI #2 wells remained in service for the Q2 2024 period, with no operational or injection reservoir issues. Overall, TAG has been injected at an average rate of approximately 7.09 MMSCFD, which includes the combined injection volume of the Independence AGI #1 and AGI #2 wells. Total TAG volume sequestered has increased approximately 14% over the prior period in which the wells were operated the full duration of the reporting period (i.e., Q3 2023).

Normal AGI operating conditions have been confirmed through the analysis of injection parameter trends over the Q2 2024 period, which co-vary as anticipated and are in accordance with historic operating trends at the Piñon facility. 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 (API: 30-025-48081)

Surface Measurements: Avg. TAG Inj. Pressure – 2,298 psig, Avg. Annular Pressure – 400 psig, Avg. Differential Pressure – 1,834 psig, Avg. TAG Temperature – 155 °F, Avg. TAG Injection Rate – 2,301 barrels per day. Down-hole Measurements: Avg. Bottom-hole Pressure – 7,708 psig, Avg. Bottom-hole Temperature – 185 °F.

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

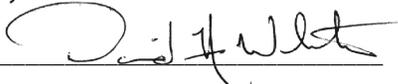
Surface Measurements: Avg. TAG Inj. Pressure – 2,346 psig, Avg. Annular Pressure – 550 psig, Avg. Differential Pressure – 1,707 psig, Avg. TAG Temperature – 147 °F, Avg. TAG Injection Rate – 1,411 barrels per day. Down-hole Measurements: Avg. Bottom-hole Pressure – 7,914 psig, Avg. Bottom-hole Temperature – 195 °F.

Over the Q2 2024 period, both Independence AGI #1 and Independence AGI #2 wells were operated continuously, at average injection rates of 4.26 MMSCFD and 2.82 MMSCFD, respectively. As is typical for the AGI well system, the Independence AGI #1 well continues to be the primary recipient of acid gas. The analysis of Q2 injection parameter data for the AGI #1 and AGI #2 wells confirms the wells are operating normally, and bottom-hole pressure data exhibit trends of an adequately performing injection reservoir. While average injection pressures are slightly increased in this period (over the prior Q3 2024 averages), this relates to the slightly increased average injection rates and elevated operating temperatures over this period, and do not reflect significant change in reservoir conditions. Operating conditions of the AGI wells continue to demonstrate the Siluro-Devonian reservoir’s ability to accommodate the disposal needs of the facility.

Mechanical integrity testing (MIT) and bradenhead testing (BHT) was successfully performed for the Independence AGI #1 and AGI #2 wells on October 31, 2023. For calendar year 2024, it is currently anticipated that Piñon will complete MIT and BHT operations for both wells during the Q3 period, in order to fulfill annual testing requirements. All on-site well testing activities will be coordinated with NMOCD District Office personnel to ensure adequate opportunity to observe and witness testing activities.

Generally, Independence AGI #1 and AGI #2 have demonstrated excellent performance during the Q2 2024 period, as demonstrated by all injection parameter trends (Figures 1-10). Data recorded exhibit the anticipated correlative behavior of annular pressure with 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 approved injection reservoir (i.e., Siluro-Devonian) 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 Pinon DATE 07/26/2024

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

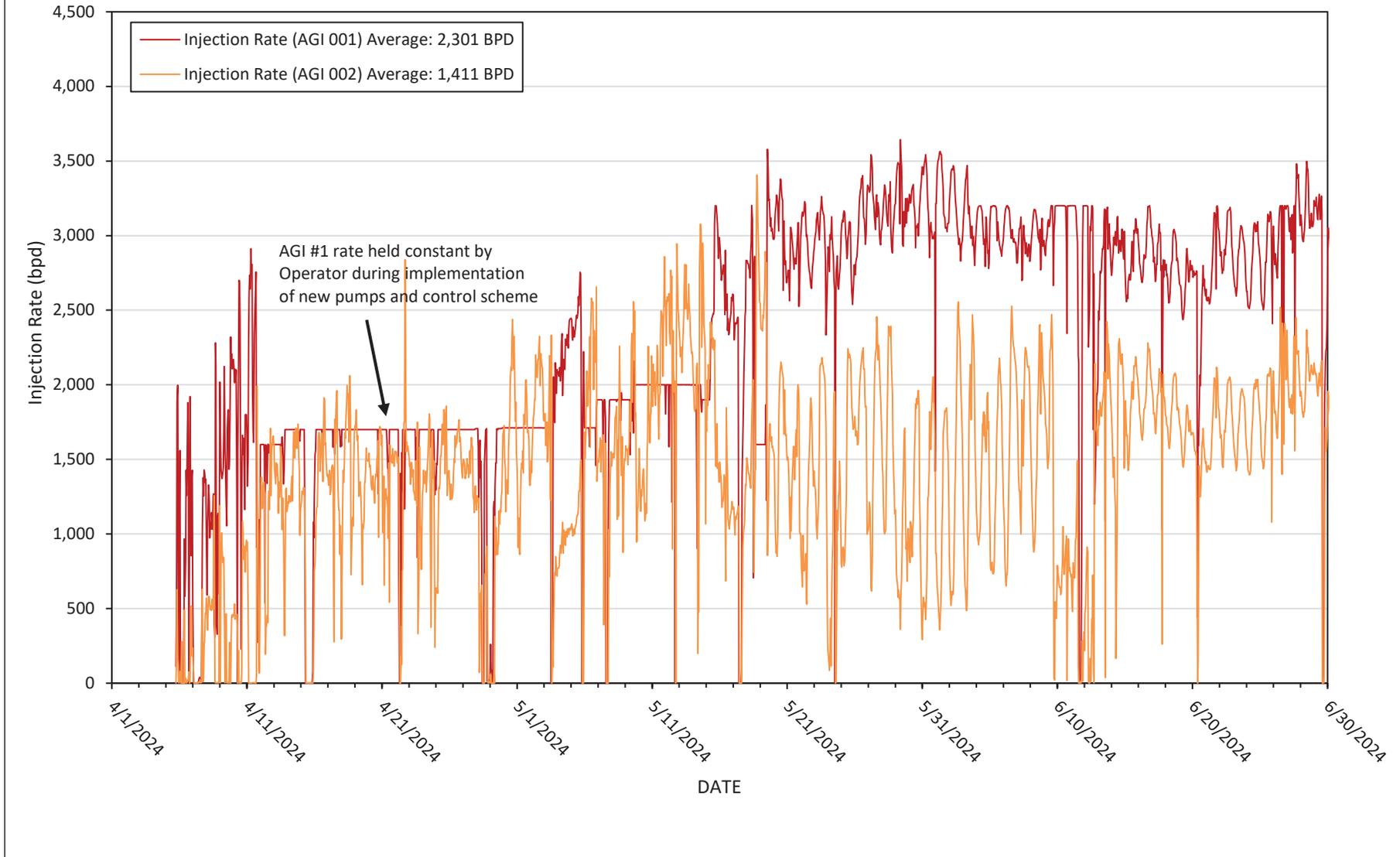


FIGURE 2. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE, AND INJECTION RATE

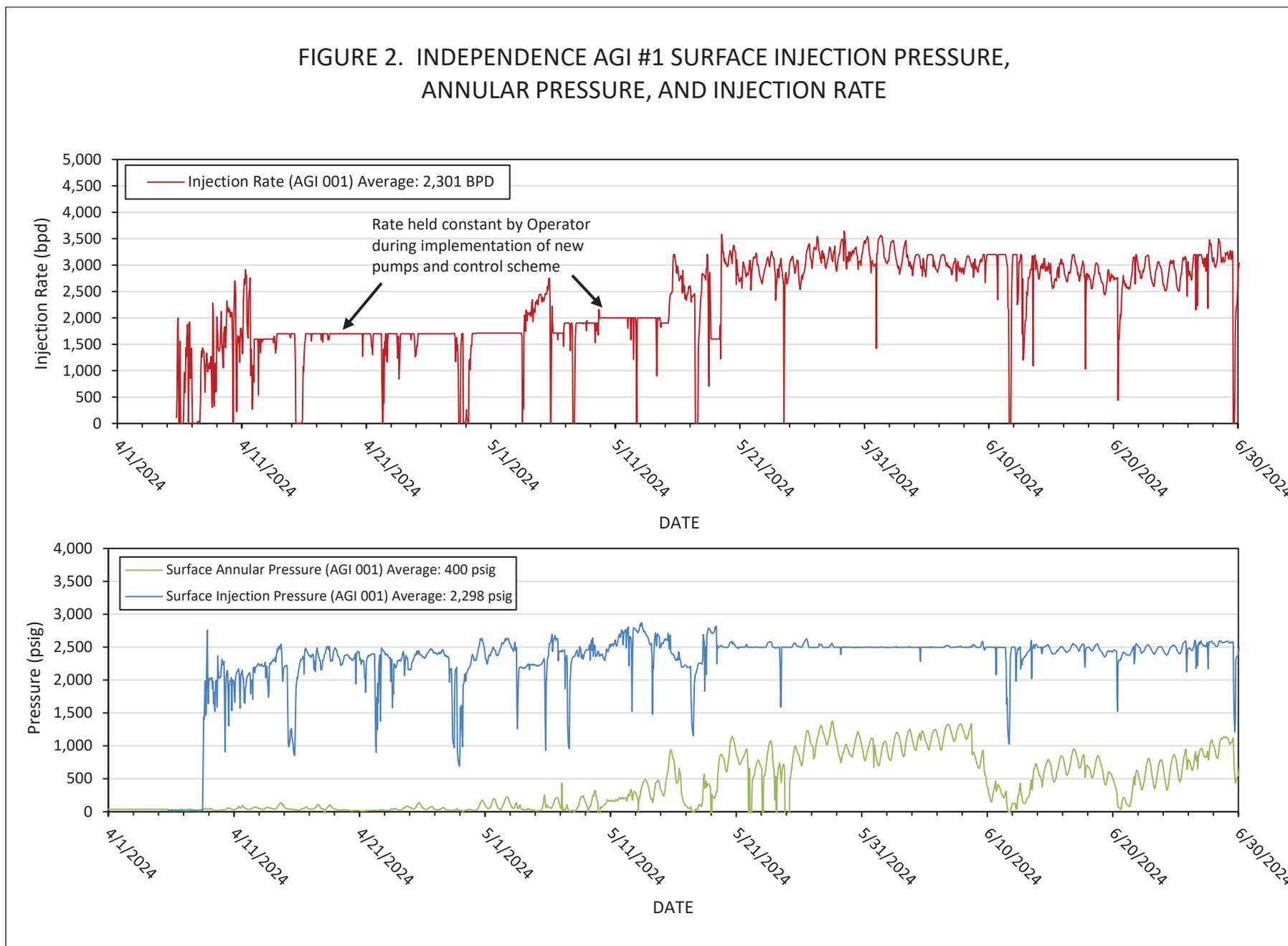


FIGURE 3. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

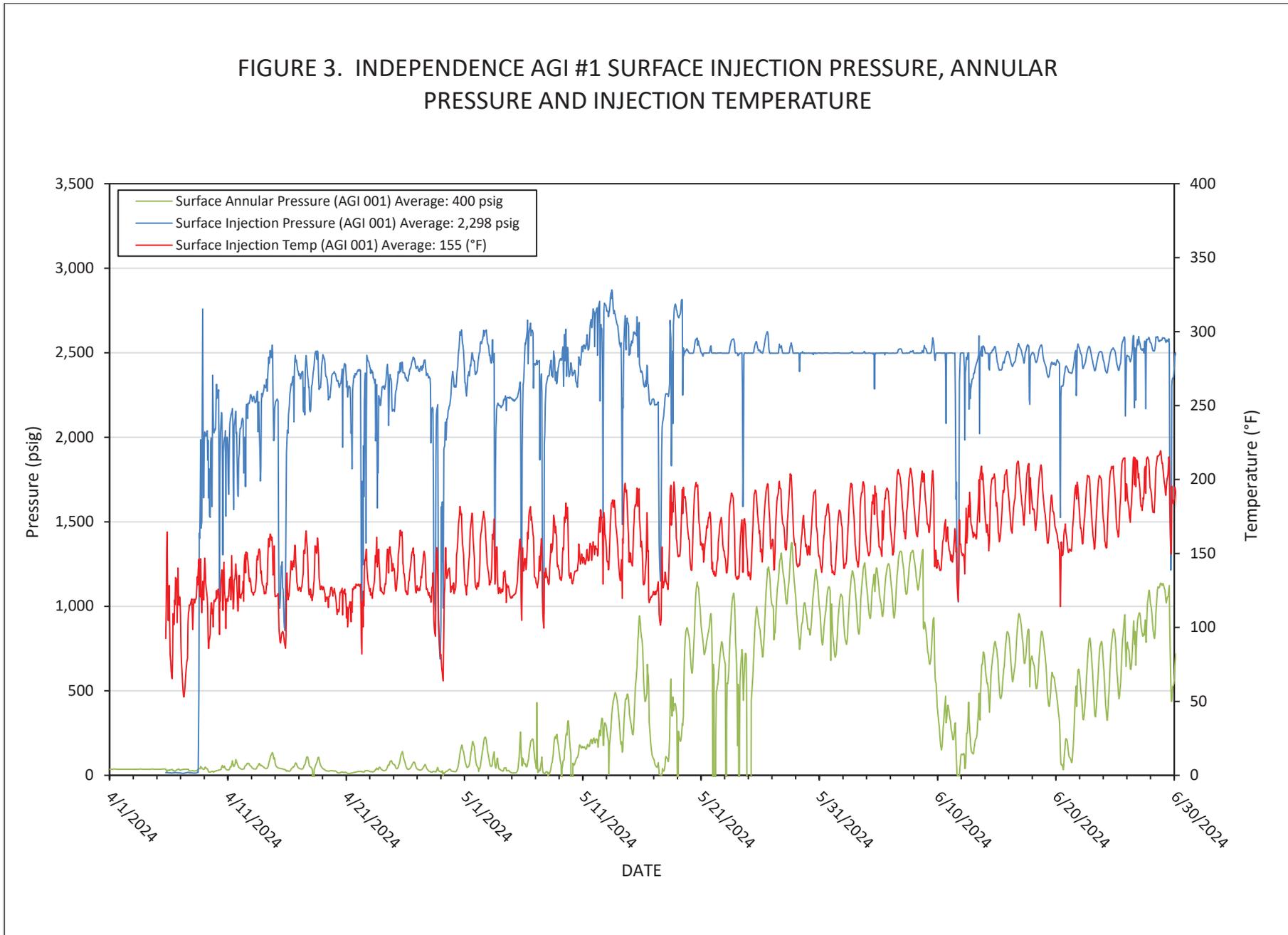


FIGURE 4. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE AND BOTTOM-HOLE PRESSURE

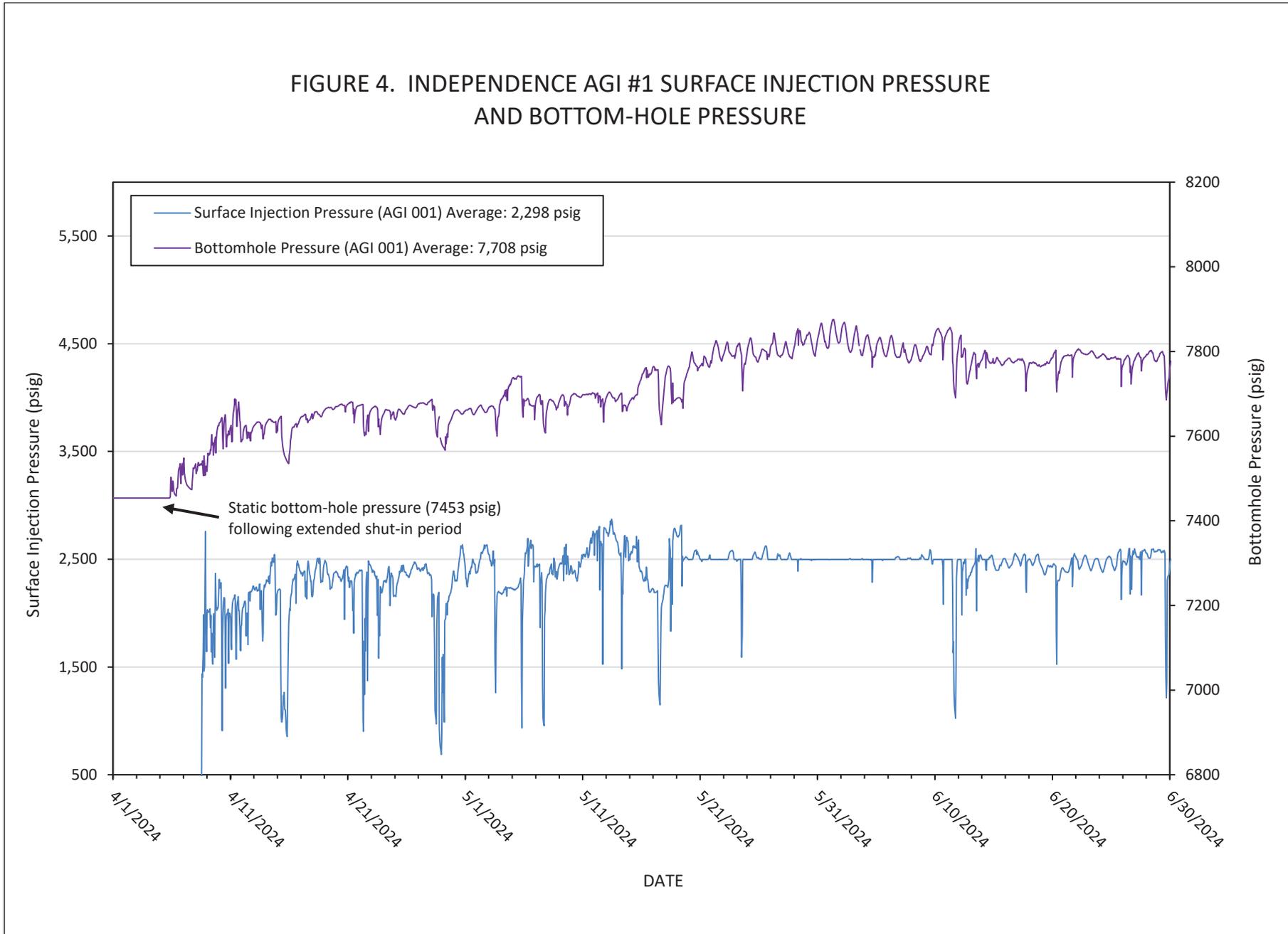


FIGURE 5. INDEPENDENCE AGI #1 BOTTOM-HOLE PRESSURE AND TEMPERATURE

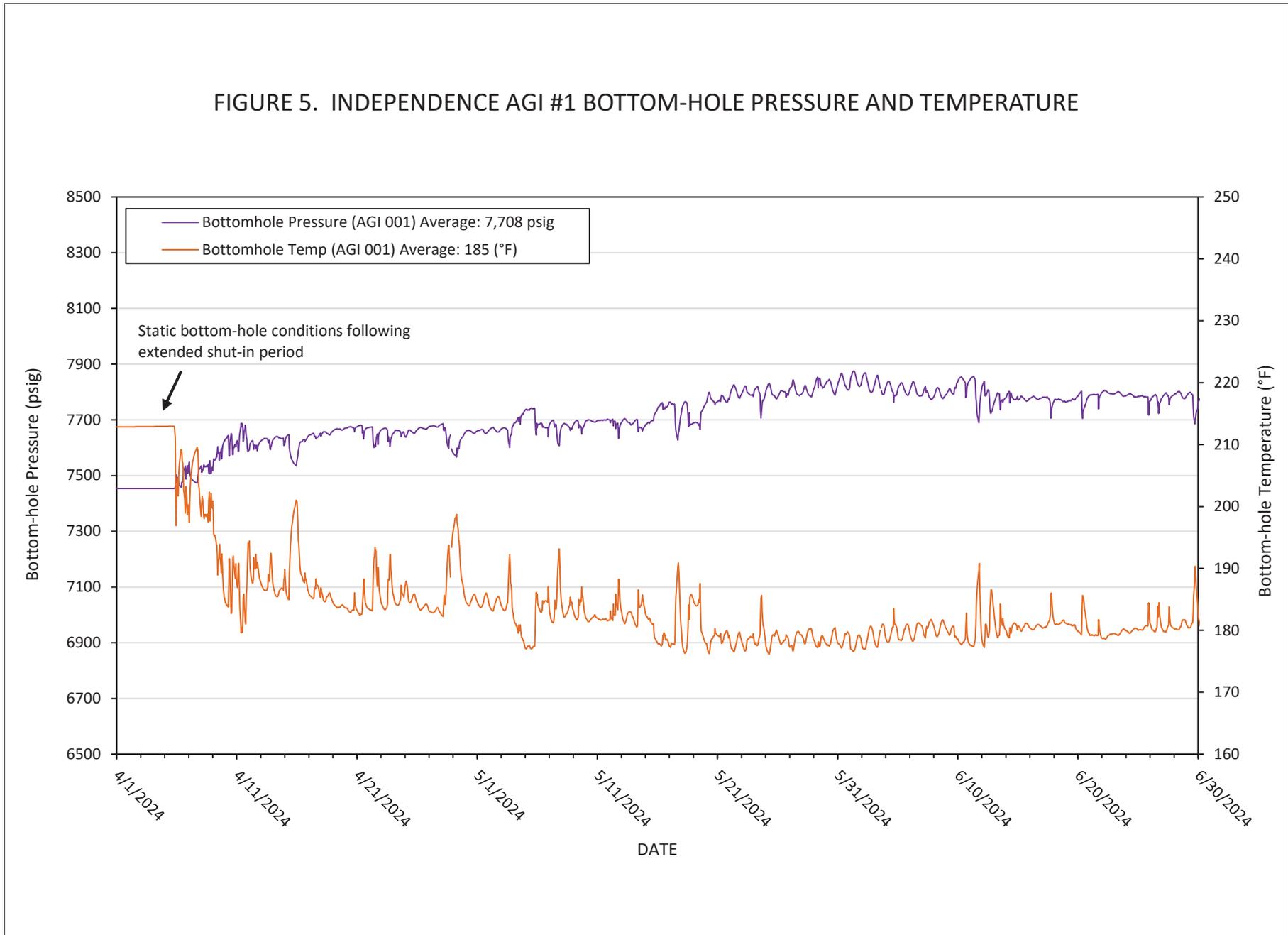


FIGURE 6. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE, AND INJECTION RATE

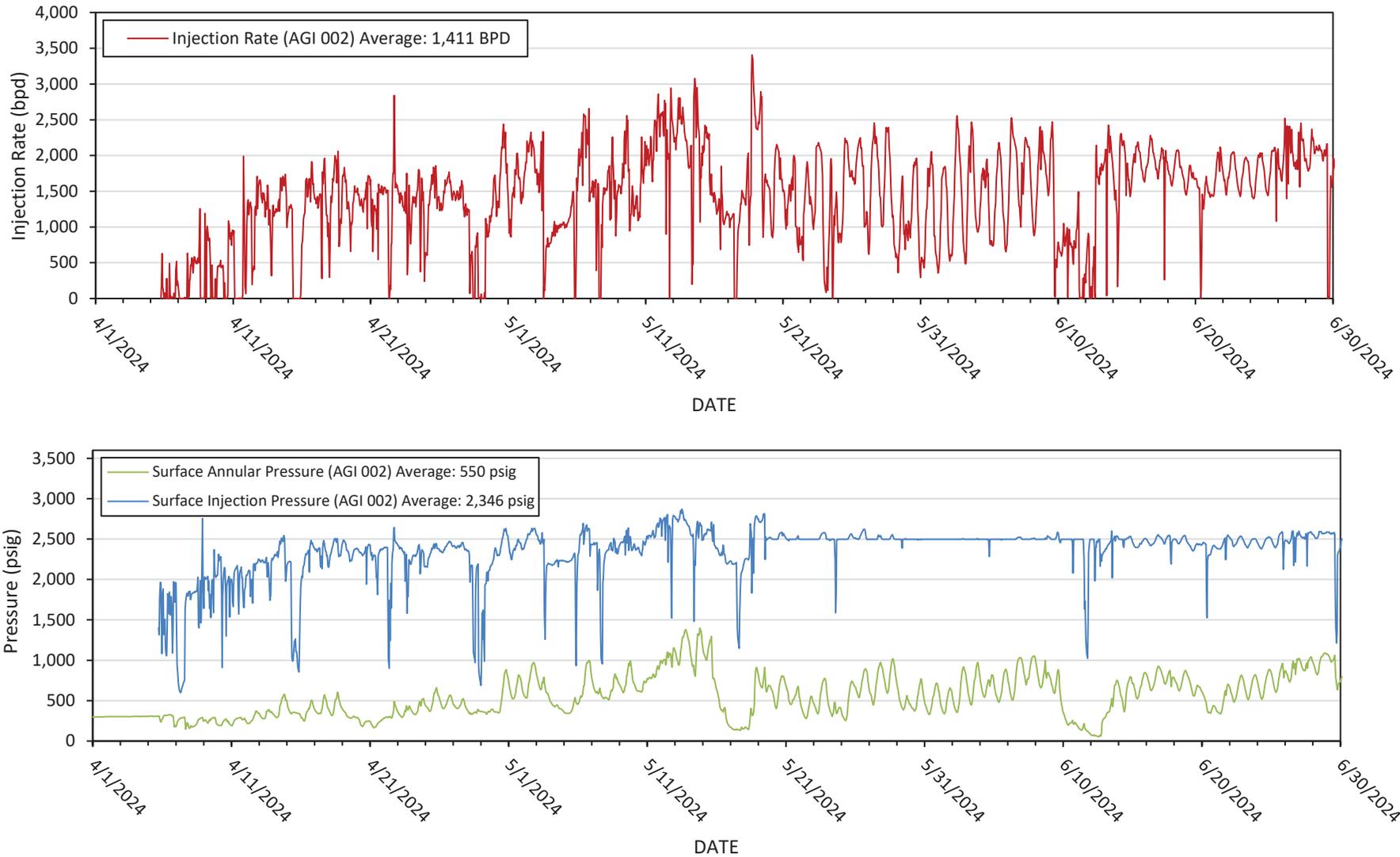


FIGURE 7. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

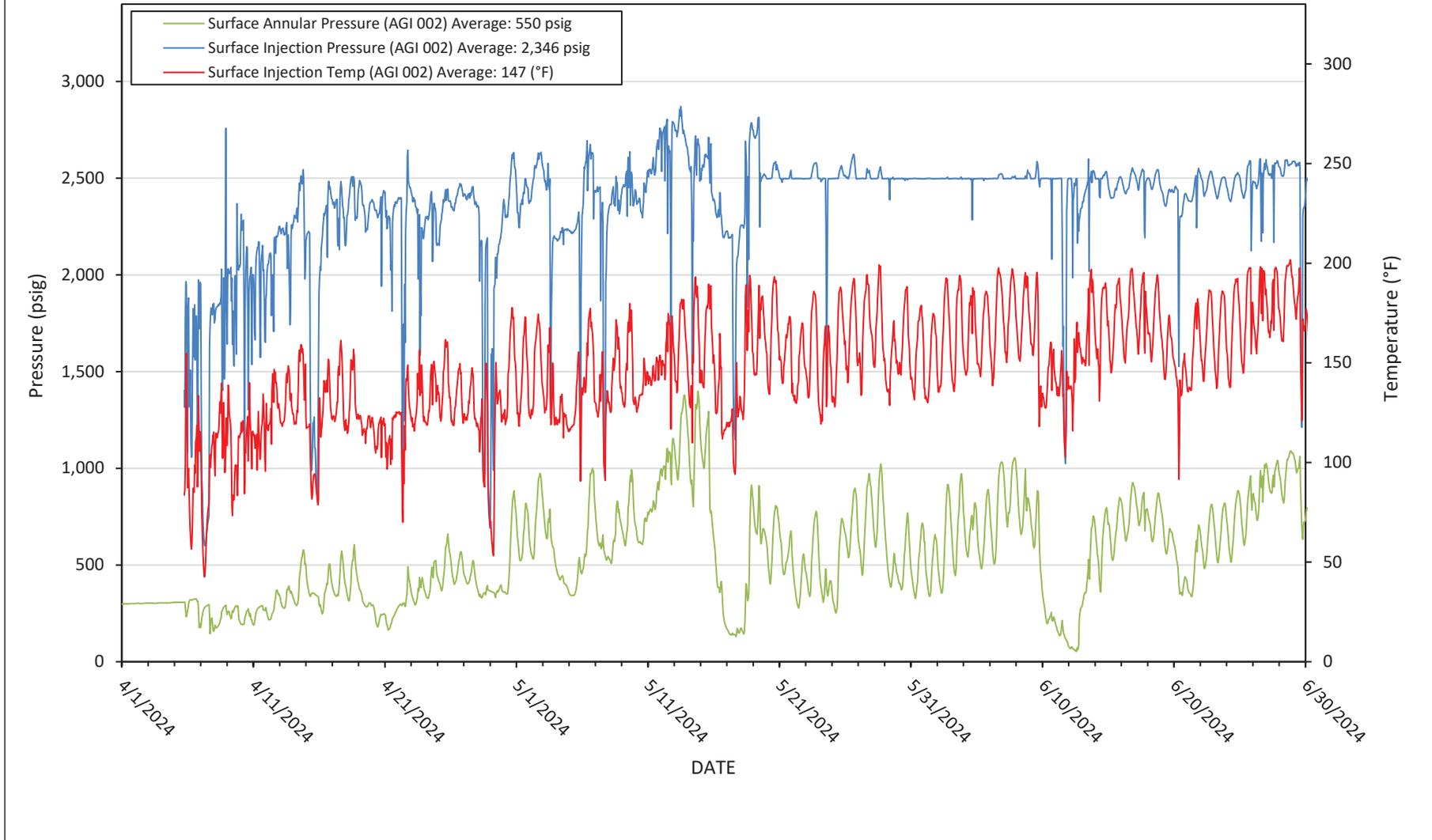


FIGURE 8. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE AND BOTTOM-HOLE PRESSURE

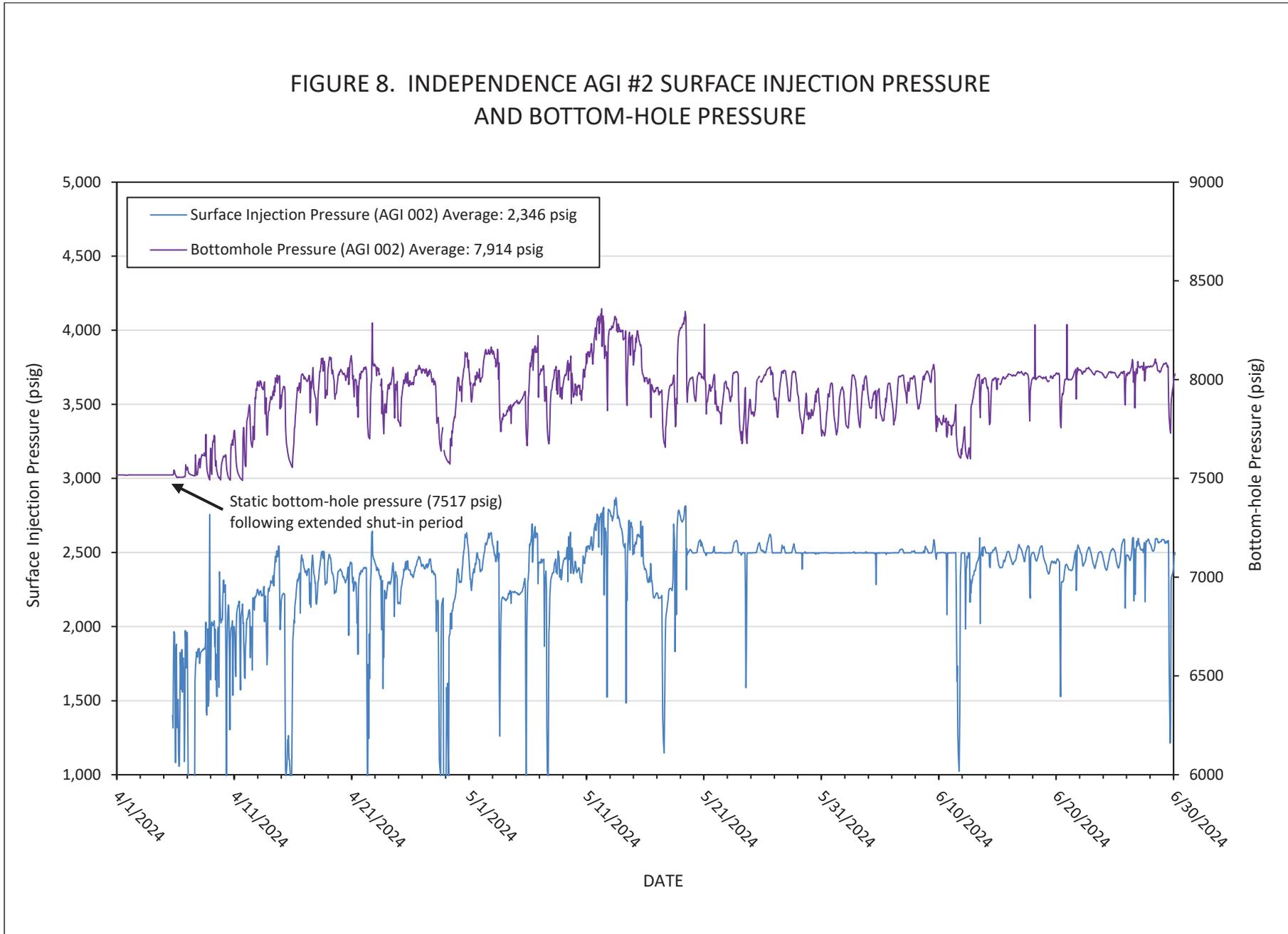


FIGURE 9. INDEPENDENCE AGI #2 BOTTOM-HOLE PRESSURE AND TEMPERATURE

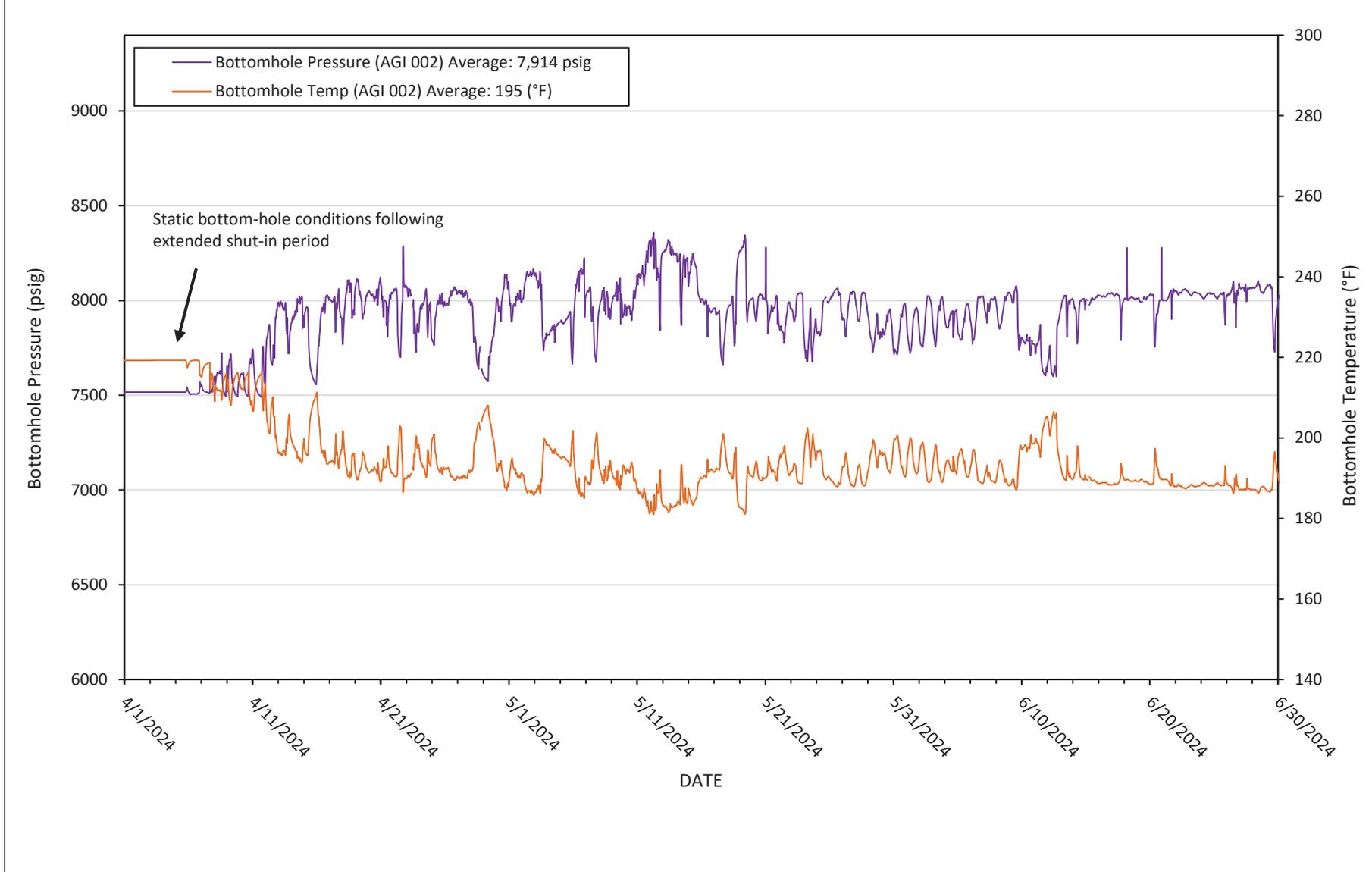
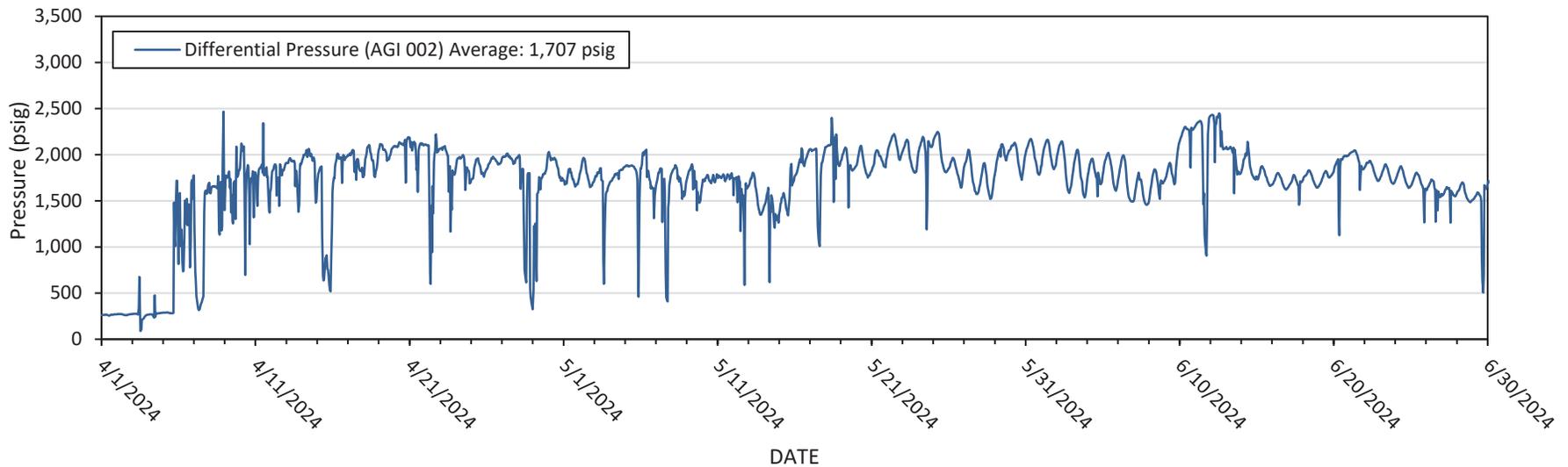
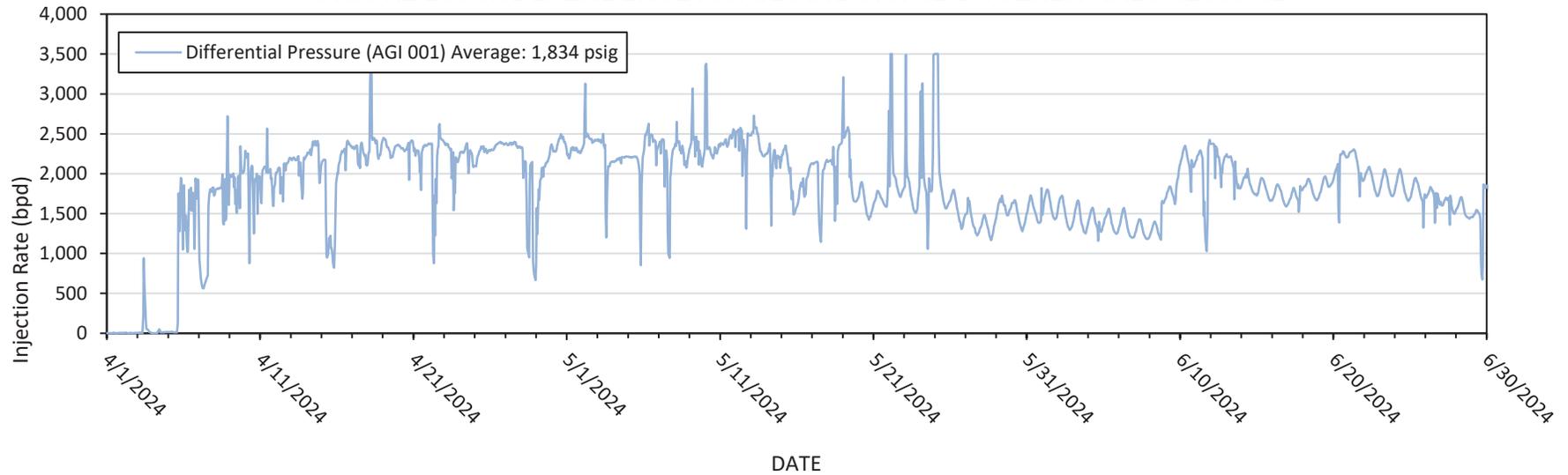


FIGURE 10. INDEPENDENCE AGI #1 AND AGI #2 DIFFERENTIAL PRESSURE



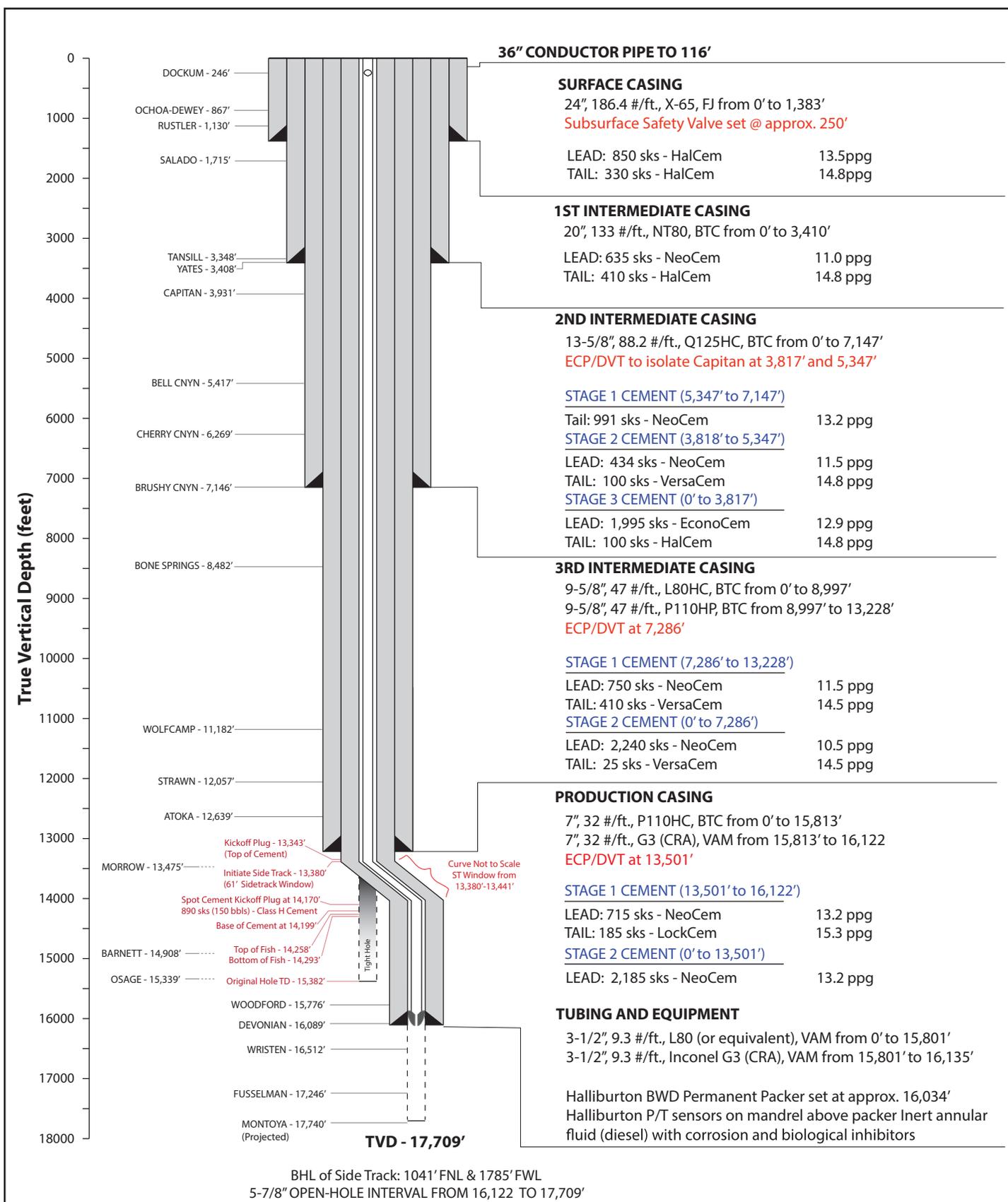


INDEPENDENCE AGI #1

UL C - S20 - T25S - R36E

API: 30-025-48081

Lat: 32.120855, Long: -103.291021



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.

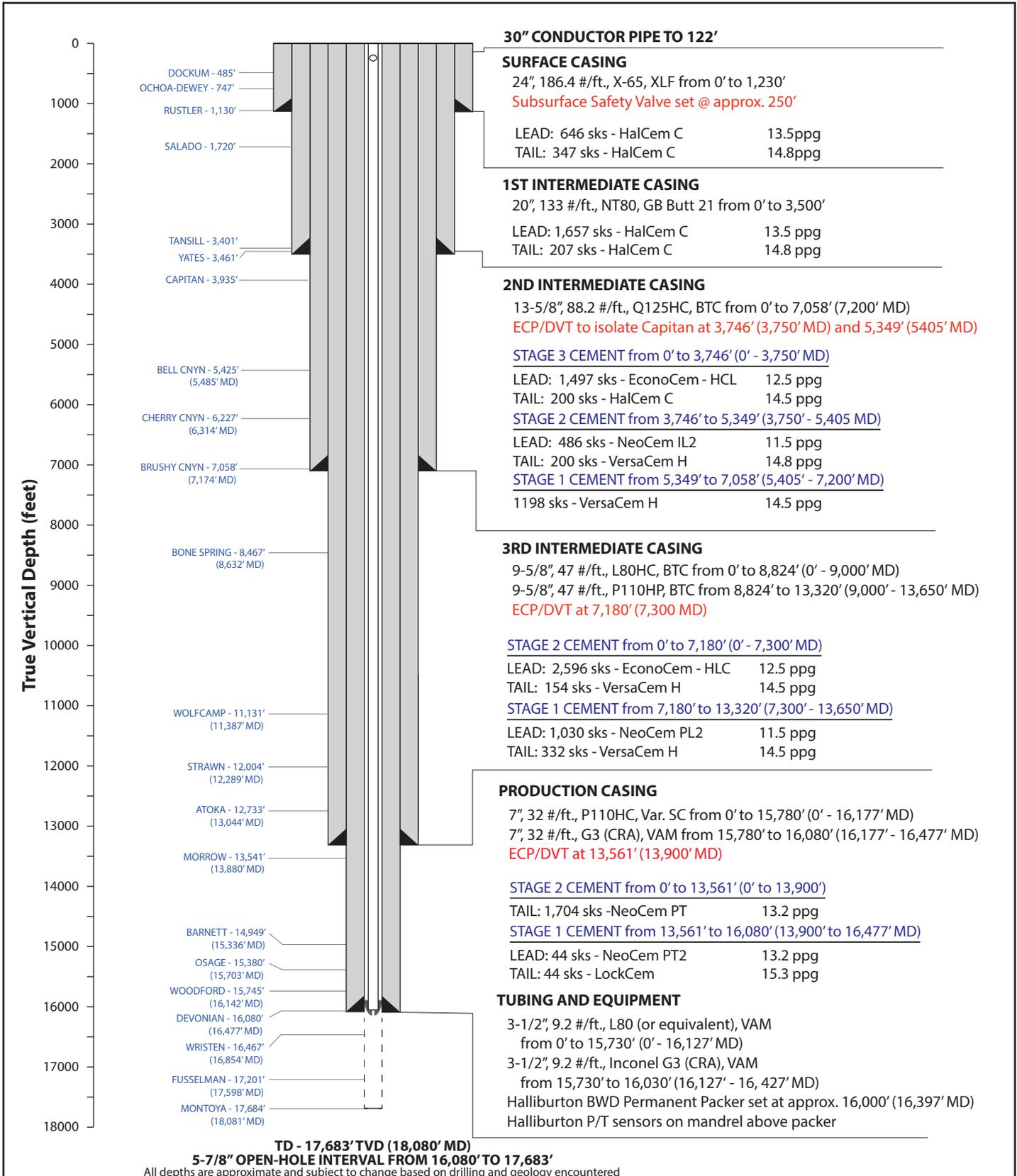


INDEPENDENCE AGI #2

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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Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 368892

CONDITIONS

| | |
|---|--|
| Operator: Pinon Midstream LLC 757 N. Eldridge Pkwy Houston, TX 77079 | OGRID: 330718 |
| | Action Number: 368892 |
| | Action Type: [C-103] Sub. General Sundry (C-103Z) |

CONDITIONS

| Created By | Condition | Condition Date |
|---------------|-----------|----------------|
| mgebremichael | None | 8/1/2024 |