

July 21, 2021

VIA ELECTRONIC MAIL

Mr. Phillip Goetz, PG
Director - Underground Injection Control Program
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: NMOCD ORDER R-21455-A AMEREDEV INDEPENDENCE AGI #1 (API: 30-025-48081)
REQUEST FOR APPROVAL OF IMMEDIATE NOTIFICATION PARAMETERS

Dear Mr. Goetze,

Geolex, Incorporated[®] (Geolex), on behalf of Ameredev Operating, LLC (Ameredev) is hereby submitting for review a set of proposed Immediate Notification Parameters for the Independence AGI #1. The proposed notification parameters conform with standard practice for acid gas injection wells and are similar to Immediate Notification Parameters successfully implemented at other AGI facilities in southeastern New Mexico.

These proposed parameters will be implemented when the well is initially put into service, which is currently targeted for August 2021, and will be reviewed after the well has been operated for a sufficient period (within 90 days of the commencement of injection operations). If subsequent review indicates that no change in the originally implemented parameters is warranted, Ameredev will propose the parameters detailed below to become the approved final Immediate Notification Parameters.

The intent of the Immediate Notification Parameters is to provide the agency (NMOCD) with an immediate notification (within four hours of detection of variance or exceedance) of a condition that indicates that the integrity of the well is threatened or has resulted in a violation of the operating conditions approved under NMOCC Order R-21455-A. The monitoring of injection conditions required by the order provide the basis for determining if any of these parameters are outside acceptable or approved ranges and indicate that further investigation is needed to ascertain the condition of the well.

The proposed Immediate Notification Parameters are as follows:

1. Exceedance of the approved MAOP of 4,779 psig (surface) for a period greater than two hours
2. Failure of a mechanical integrity test (MIT) of the well
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 H₂S which results in an activation of the facility's Rule 11 H₂S Contingency Plan
6. Any workover or maintenance activity that requires intrusive work in the well

Should any of the conditions described above occur, Ameredev will notify the Hobbs District Office of the NMOCD by telephone within four hours, followed by an email notification within 24 hours to both the District and Santa Fe offices of the NMOCD. Depending on the nature of the situation, Ameredev, Geolex, and NMOCD will jointly determine the appropriate steps to be undertaken to resolve the issue. This immediate notification and coordination procedure proposed has been effective for many AGI wells in the region and will be evaluated and confirmed to be appropriate for this well after a sufficient period of observation (1-2 months).

Ameredev hopes to commission the well (including injection of treated acid gas into the well) in August 2021, following the completion and testing of all surface facilities. Continuous monitoring of injection parameters will begin immediately and the required quarterly reporting of recorded injection data from Independence AGI #1 will be submitted for the third quarter of 2021.

Please advise if these proposed conditions, which are fully consistent with previously approved Immediate Notification Parameters for similar AGI wells in southeastern New Mexico are acceptable and approved. If you have any questions or wish to discuss further, please do not hesitate to contact Alberto A. Gutiérrez, C.P.G. or David White at (505)842-8000 at Geolex, Inc.[®]; 500 Marquette Avenue NW, Suite 1350; Albuquerque, New Mexico.

Sincerely,
Geolex, Inc.[®]



Alberto A. Gutiérrez, C.P.G.
President
Consultant to Ameredev Operating, LLC



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