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WESTERN REFINING

Jal, NM Storage Facility

LPG Cavern #4

30-025-35957

Mechanical Integrity Test Report

JA3301/12 003/O/J/O



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MAIN PURPOSE OF THE REVISION AND TYPE OF MODIFICATIONS

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1. INTRODUCTION

Geostock US has performed a mechanical integrity test on Western Refining Jal, NM LPG Storage well #4 using brine as a test medium. The testing procedures were designed to meet the requirements set forth in the OCD regulations for liquid-filled caverns.

Cavern Well #3 and Cavern Well #4 are used for LPG storage in salt caverns. The production casings were successfully pressure tested with a packer; multi-finger calipers and cement bond logs have been performed to verify the integrity of the wells.

The subject wells and salt formation will be tested at maximum operating pressure at the casing, i.e. 1250 psig which corresponds to a pressure gradient of 0.75 psi/ft.

2. TEST METHODOLOGY

Wellhead pressure and temperature were recorded, however to eliminate any error on the density of the fluid column in the wellbore a surface read-out (SRO) pressure gauge was set at the casing depth (~1666 ft) to measure directly the pressure in the cavern.

The test was conducted by injection of brine to increase the cavern pressure at the casing shoe to test pressure. By this method, both well and salt formation were tested for potential leak.

The first phase of the MIT test consisted of daily brine injection to maintain test pressure at the casing shoe based on the SRO gauge readings. The volume of brine per day required to return the well to test pressure was measured until stabilized conditions were reached.

In the second phase of the MIT test, after a final brine injection to test pressure, the well was isolated with double valve combinations and the downhole and surface pressures were recorded for a test period of 4 hours. Pressures on the 7" x 4 ½" annulus and the 4 ½" tubing were recorded by the use of calibrated chart recorders, with a one hour clock setting for a period of 4 hours (Appendix 3).

3. TEST CHRONOLOGY

Daily brine injection began on 12/17/12. The surface read out gauge was installed on 12/18/12. The MIT began on 12/22/12 at 07:30 and ended on 12/22/12 at 11:30.

	Start Pressure	End Pressure	Volume Injected
	SRO, psi	SRO, psi	bbbl
12/17/2012			3.5
12/18/2012	1032	1185	0.4
12/19/2012	1122	1185	0.4
12/20/2012	1108	1185	0.4
12/21/2012	1109	1185	1
12/22/12	1109	1185	0.4

4. RESULTS

4.1. Data Collected

During the pre-test period, the amount of daily brine injection required to return the cavern to test pressure was recorded. (see Appendix 1) The cavern quickly stabilized to the point that the daily brine injection required was less than 1 bbl/day, which can be compared to the acceptable leak rate of 2.64 bbl/day

The wellhead pressures, downhole pressure, and ambient temperature were recorded during the MIT. (see Appendix 2) The wellhead pressure loss recorded by the digital gauges on the 4 1/2" tubing during the MIT was:

Initial pressure: 470.95 psi
 Final pressure: 459.47 psi
 Pressure loss: 11.48 psi (2.44%)

The cavern pressure loss recorded with the SRO gauge during the MIT was:

Initial Pressure: 1180.75 psi
 Final Pressure: 1165.25 psi
 Pressure loss: 15.48 psi (1.31%)

4.2. Apparent leak rate

Using the pressure increase and daily brine injection from the pre-test period, a stabilized seepage rate can be calculated that relates the amount of pressure change in the cavern to the apparent leak rate.

	ΔP	Volume Injected	Seepage
	psi	bbl	bbl/psi
12/18/12	153	0.4	0.00261
12/19/12	63	0.4	0.00635
12/20/12	76.1	0.4	0.00526
12/21/12	76	1	0.01316
12/22/12	76	0.4	0.00526

*From SRO tool

Using the stabilized observed seepage rate of 0.00526 bbl/psi and recorded pressure loss of 15.48 psi during the 4 hour MIT period, the apparent leak rate during the MIT can be calculated:

$$\begin{aligned}
 &15.48 \text{ psi} \times .00526 \text{ bbl/psi} = .0814 \text{ bbl apparent leak during 4 hours} \\
 &= .489 \text{ bbl/day apparent leak rate} \\
 &= 178.32 \text{ bbl/yr apparent leak rate}
 \end{aligned}$$

Using the maximum observed seepage rate of .01316 bbl/psi and performing the same calculation results

$$\begin{aligned}
 &15.48 \text{ psi} \times .01316 \text{ bbl/psi} = .204 \text{ bbl apparent leak during 4 hours} \\
 &= 1.22 \text{ bbl/day apparent leak rate} \\
 &= 446 \text{ bbl/yr apparent leak rate}
 \end{aligned}$$

4.3. Pass/fail criteria

Apparent leak rate, 446 bbl/yr < 963.6 bbl/yr (2.64 bbl/day)

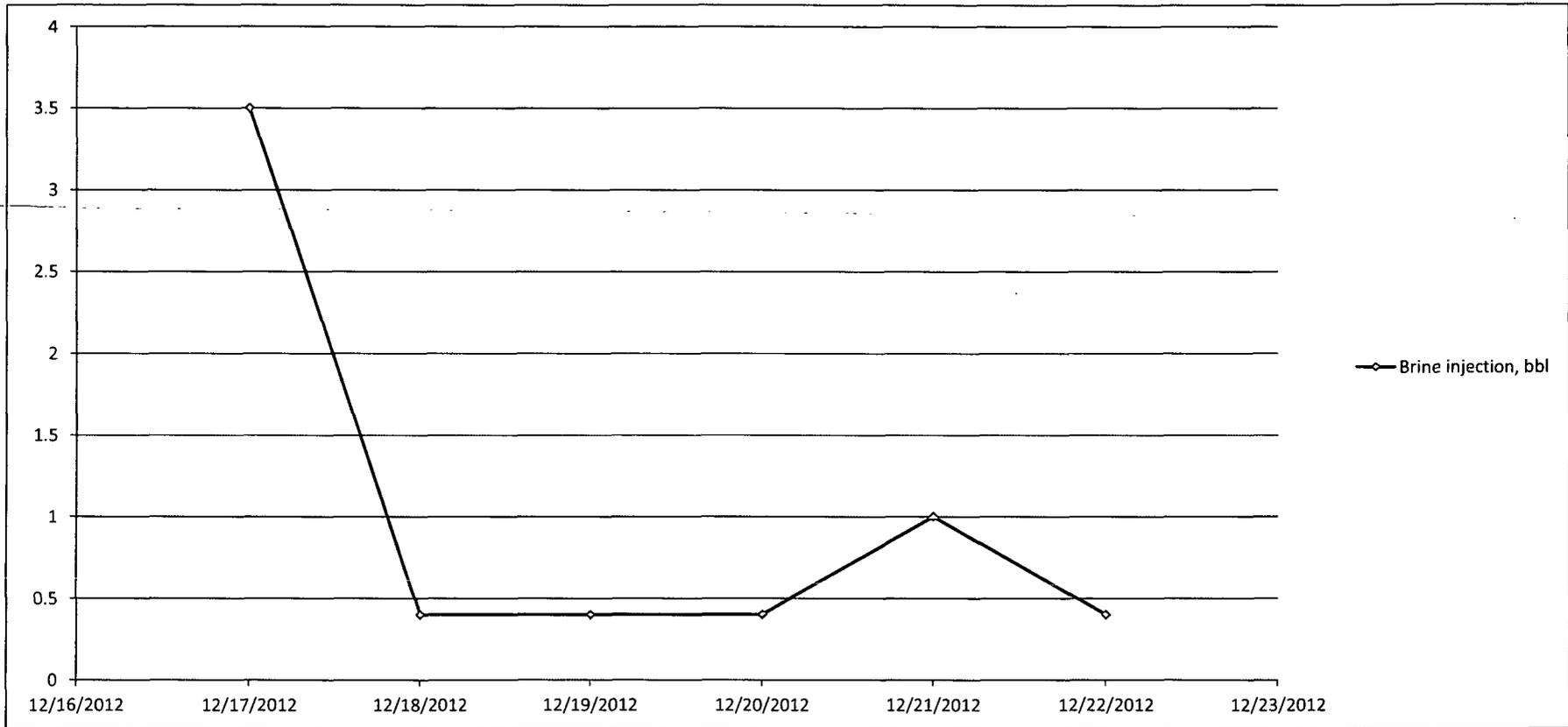
Pressure loss at casing shoe over 4 hour MIT period, 1.31% < 10%

4.4. Test Result

Based on the data collected during the test and the definition of the pass/fail criteria, Well #4 has passed the mechanical integrity test.

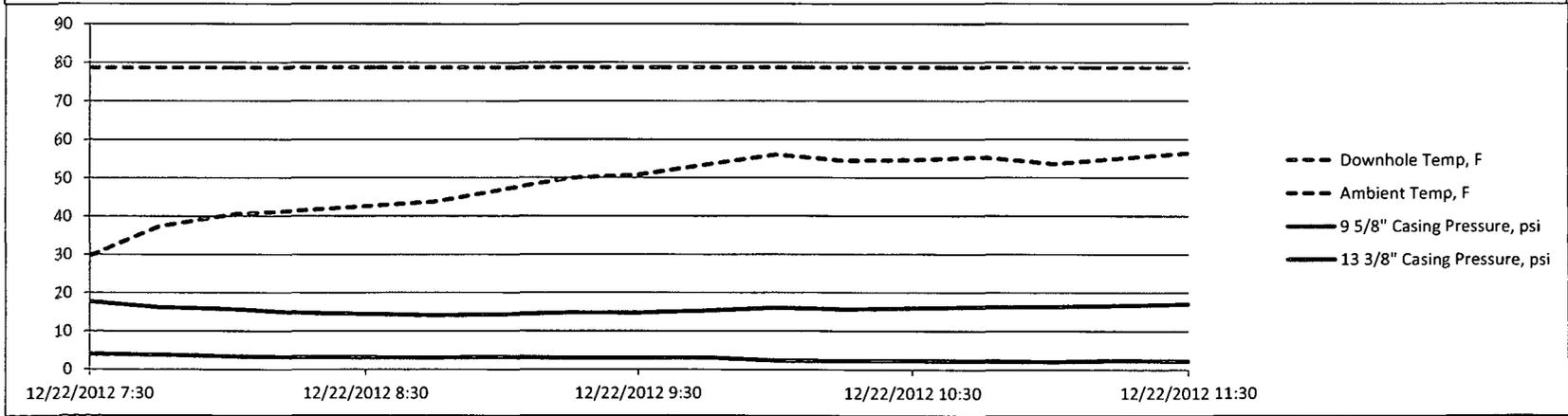
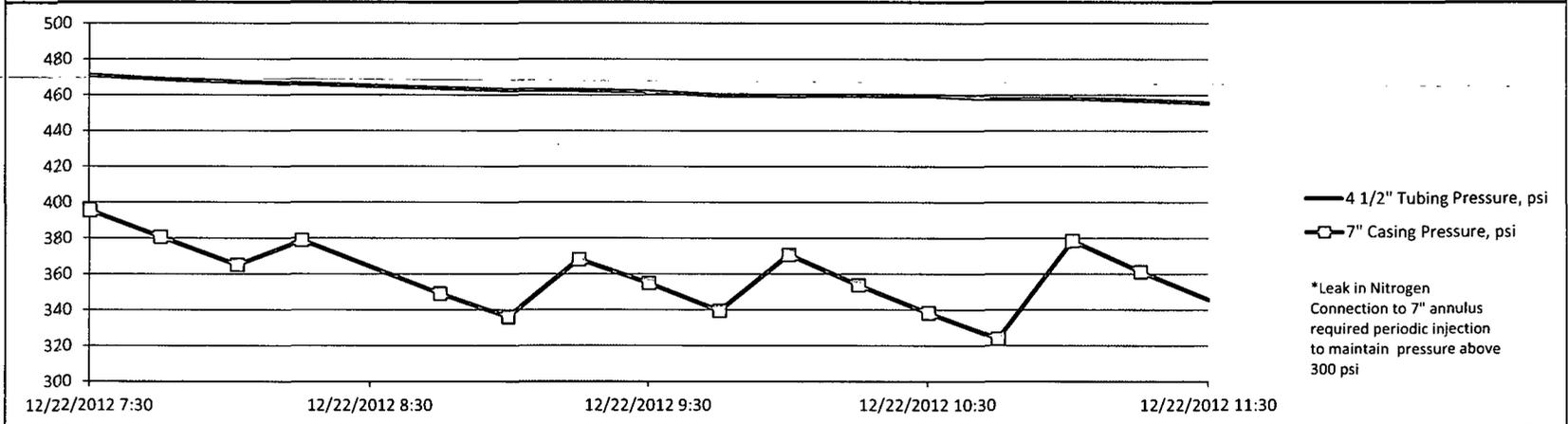
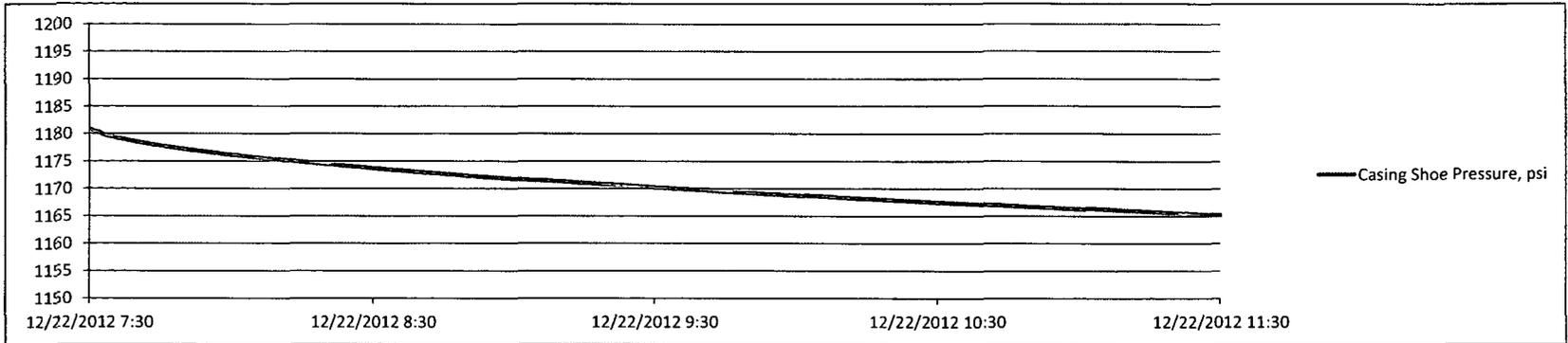
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APPENDIX 1 – PRE-TEST BEHAVIOR



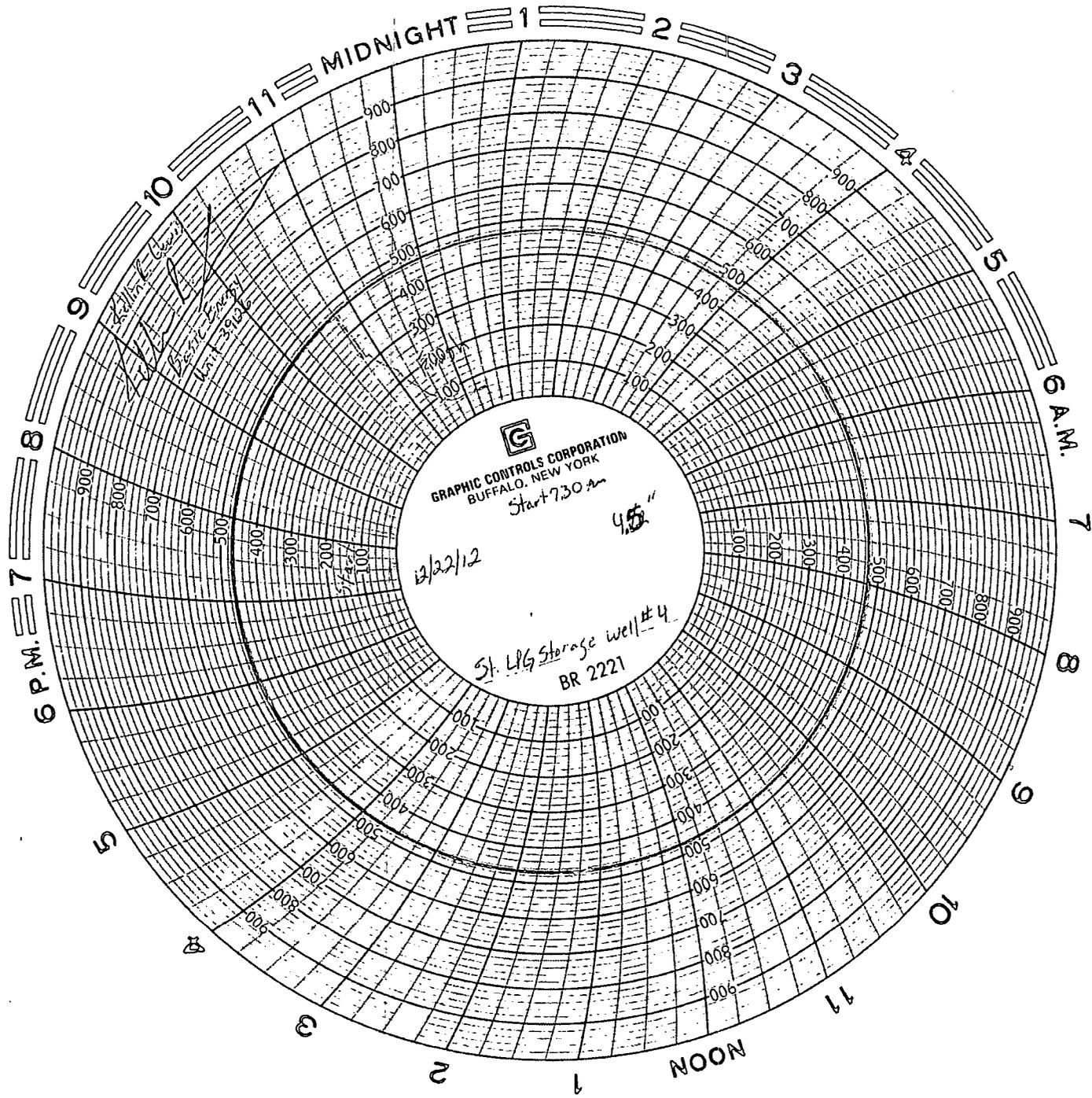
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APPENDIX 2 – MIT TEST PERIOD



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APPENDIX 3 – PRESSURE CHARTS (SCANS)



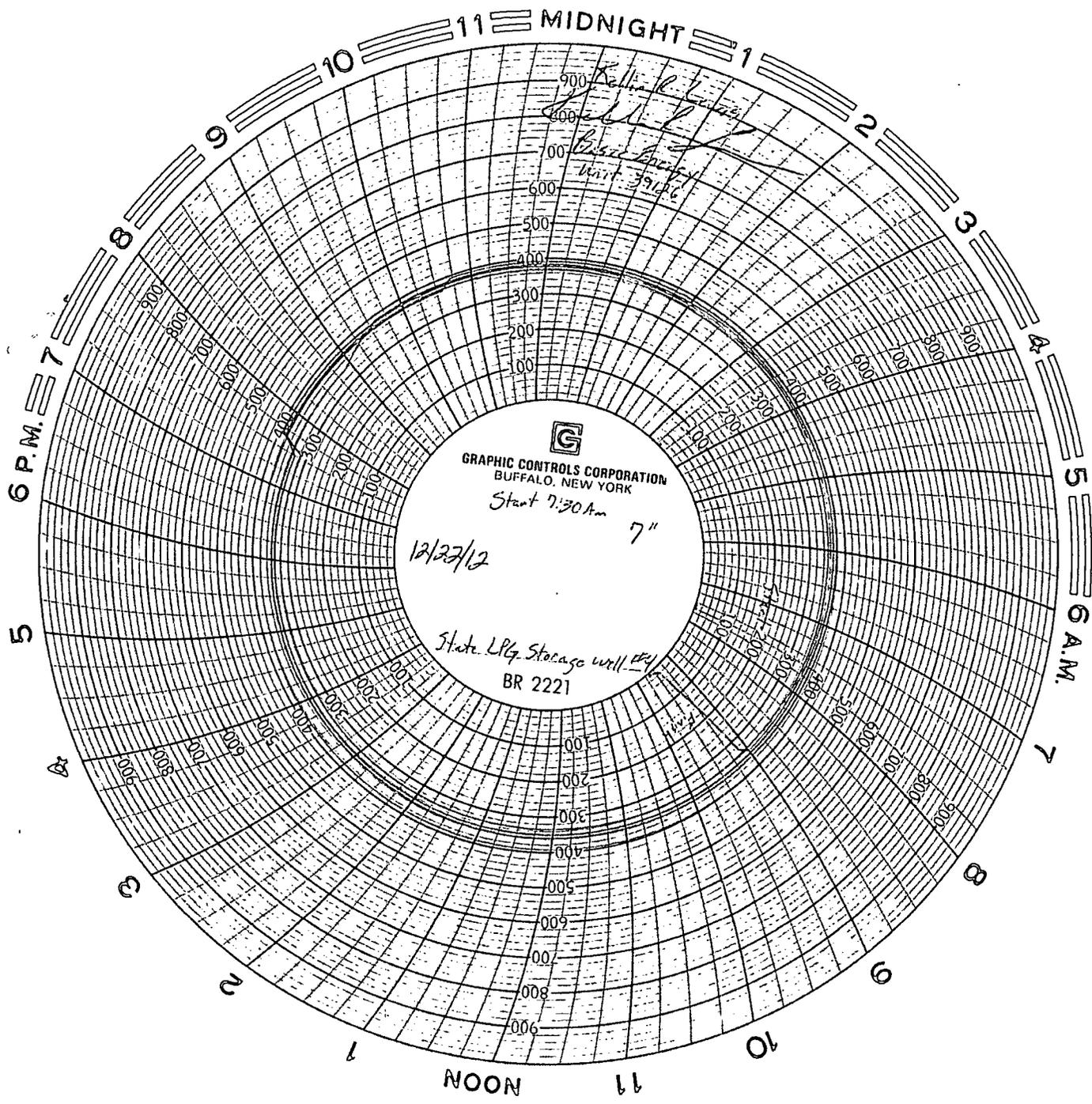

GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
Start 7:30 AM

12/22/12

4.5"

St. LG Storage well #4
BR 2221

Killing P. Curve
12/22/12
12/22/12
Unit 2221



GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

Start 7:30 Am 7"

12/27/12

State LPG Storage well #44
BR 2221

900
800
700
600
500
400
300
200
100

Handwritten notes:
Kellin R. [unclear]
Bill [unclear]
Burr [unclear]
Unit 39142