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.
Independence AGI #1 30-025-48081
Independence AGI #2 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

8. Well Number: 1 & 2

2. Name of Operator: Piñon Midstream, LLC

9. OGRID Number: 330718

3. Address of Operator: 465 W NM Highway 128; Jal, NM 88252

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

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

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:	Quarterly Injection Data Reports ■		

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.

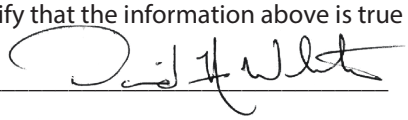
While both the Independence AGI #1 and AGI #2 wells were operated during the Q2 period, the AGI #1 injected at an average rate of 4.14 MMSCFD and continued to be the primary recipient of acid gas. The Independence AGI #2 was operated at an average rate of 1.77 MMSCFD. The analysis of Q2 injection parameter 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 communciation 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

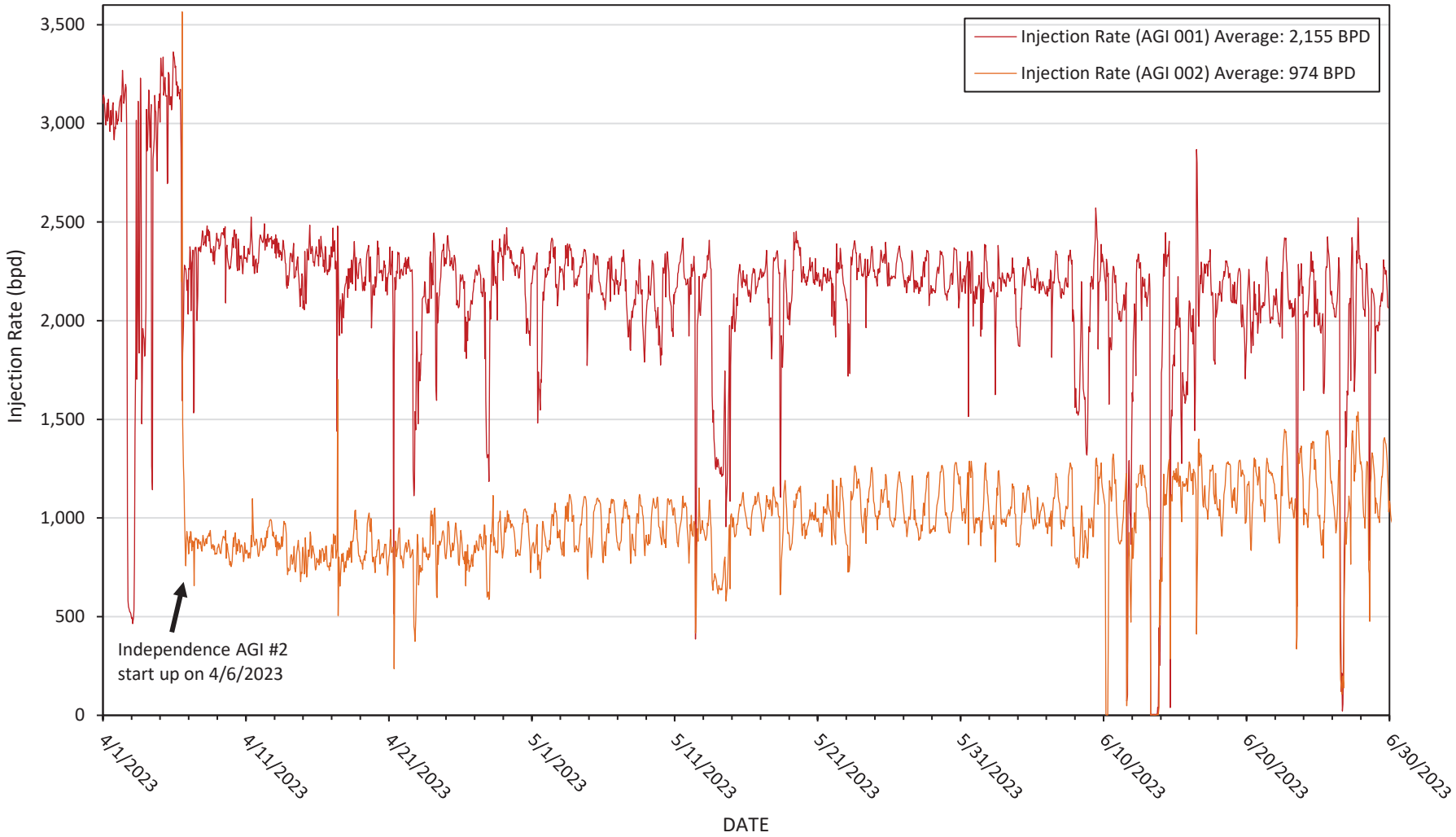
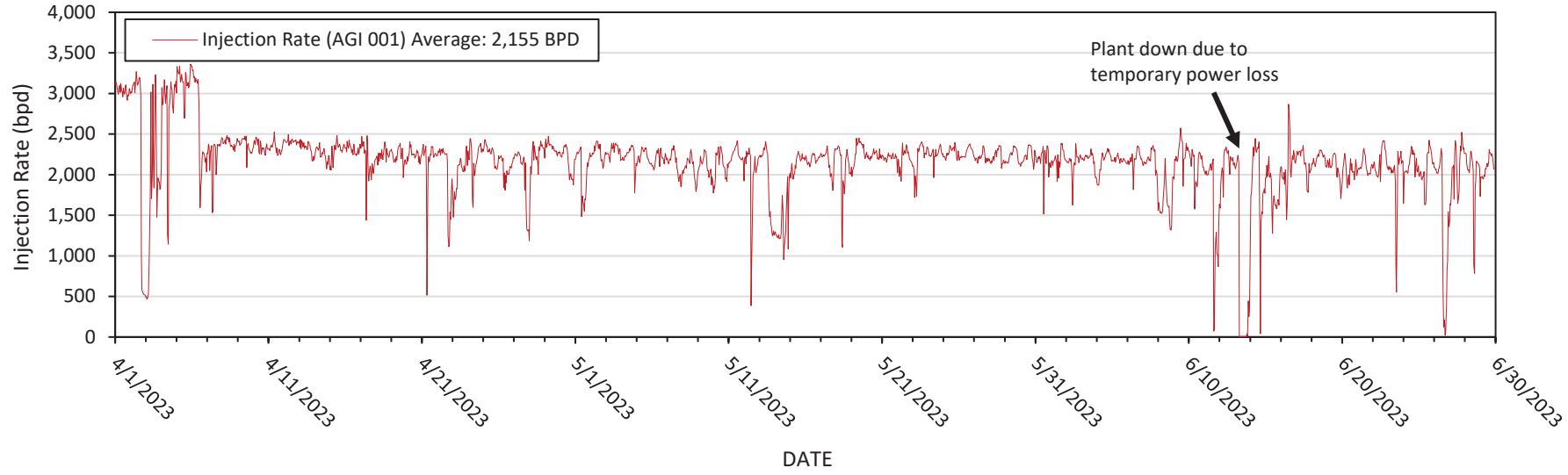


FIGURE 2. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE, AND INJECTION RATE



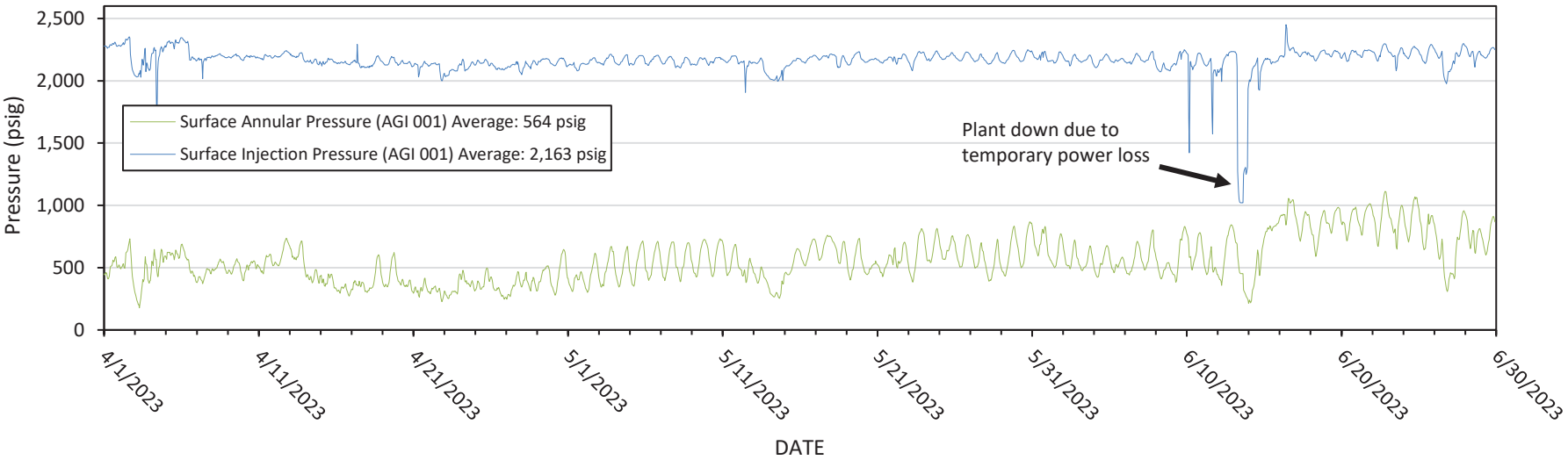


FIGURE 3. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

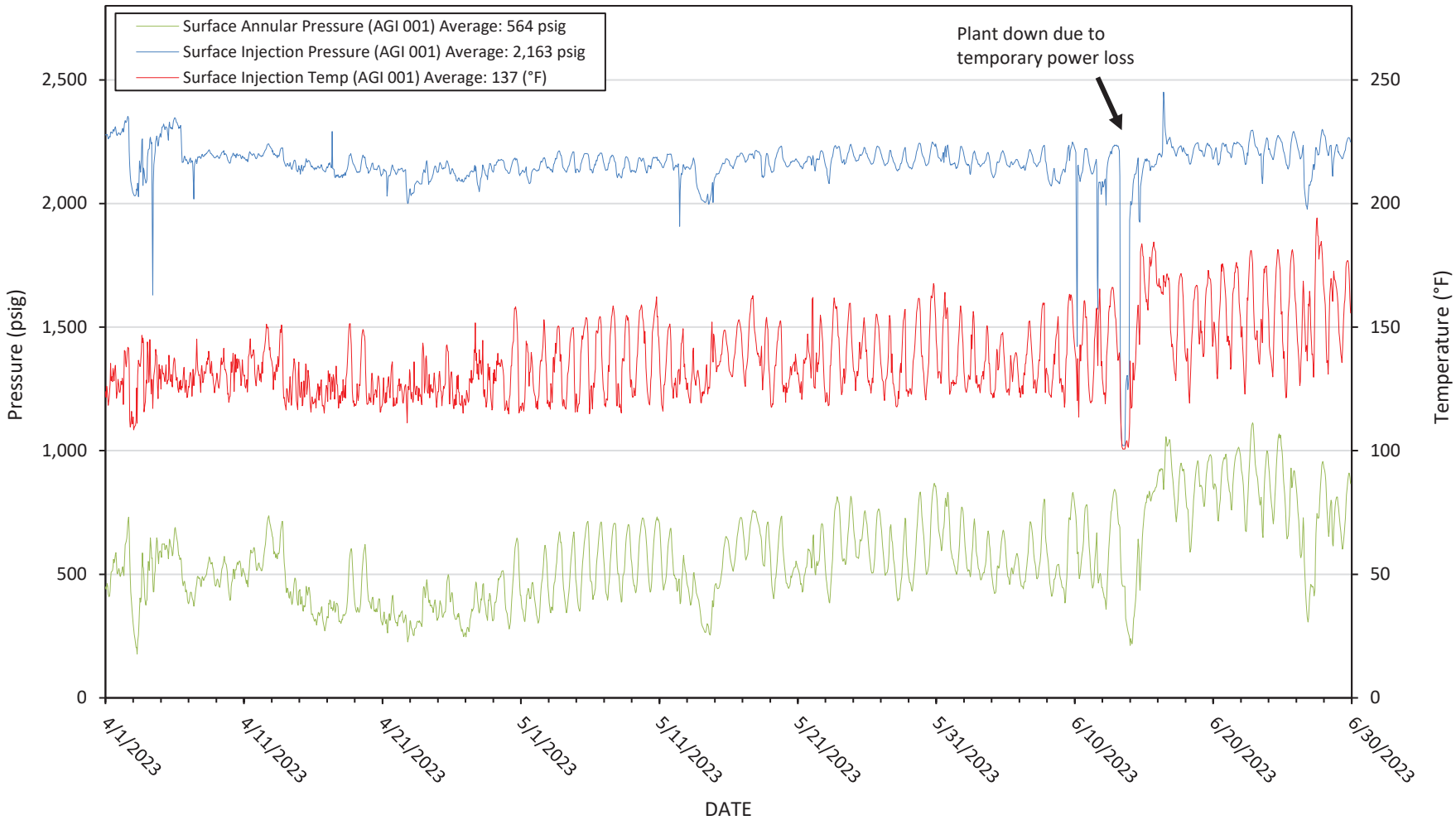


FIGURE 4. INDEPENDENCE AGI #1 SURFACE INJECTION PRESSURE AND BOTTOM-HOLE PRESSURE

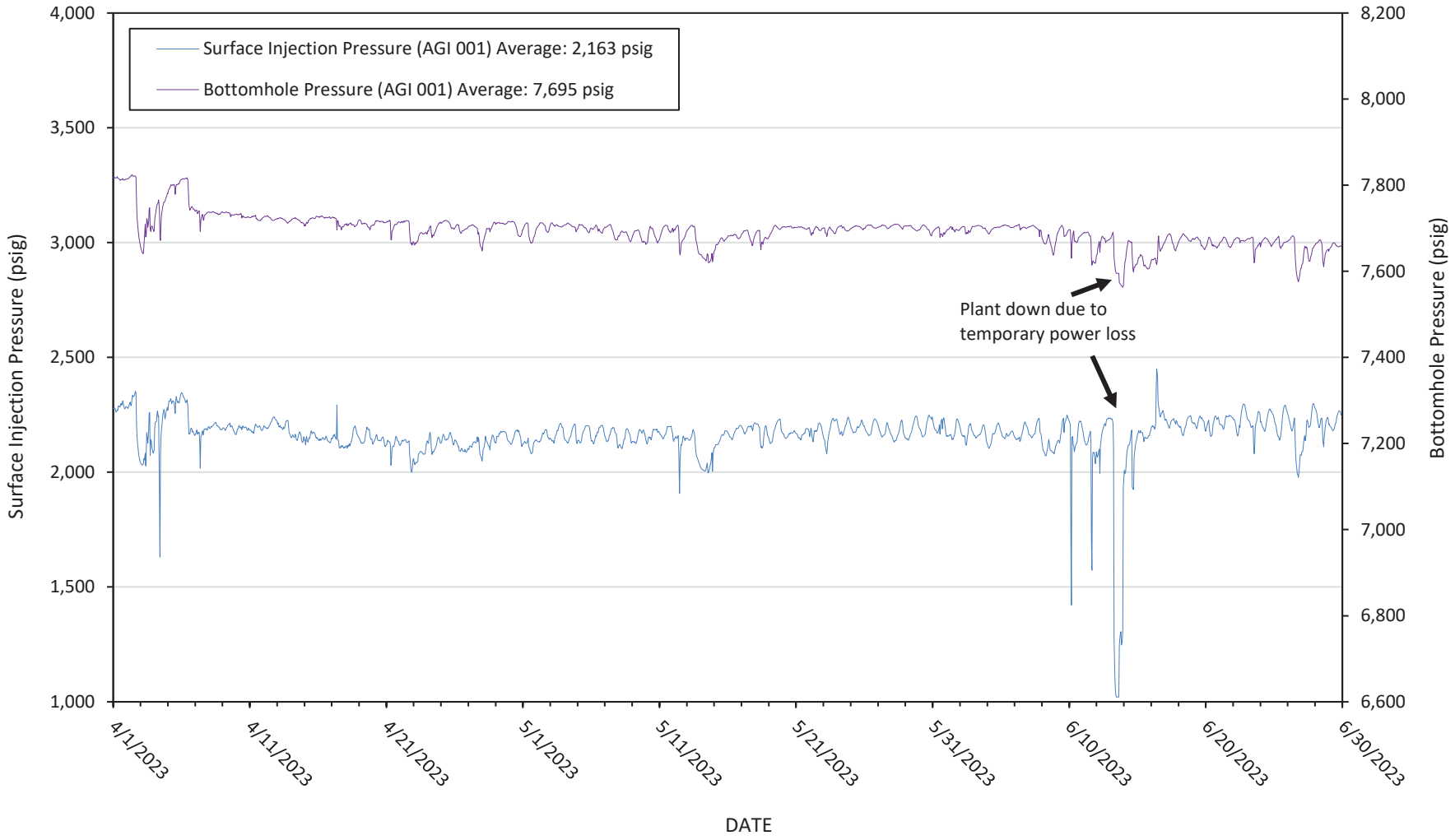


FIGURE 5. INDEPENDENCE AGI #1 BOTTOM-HOLE PRESSURE AND TEMPERATURE

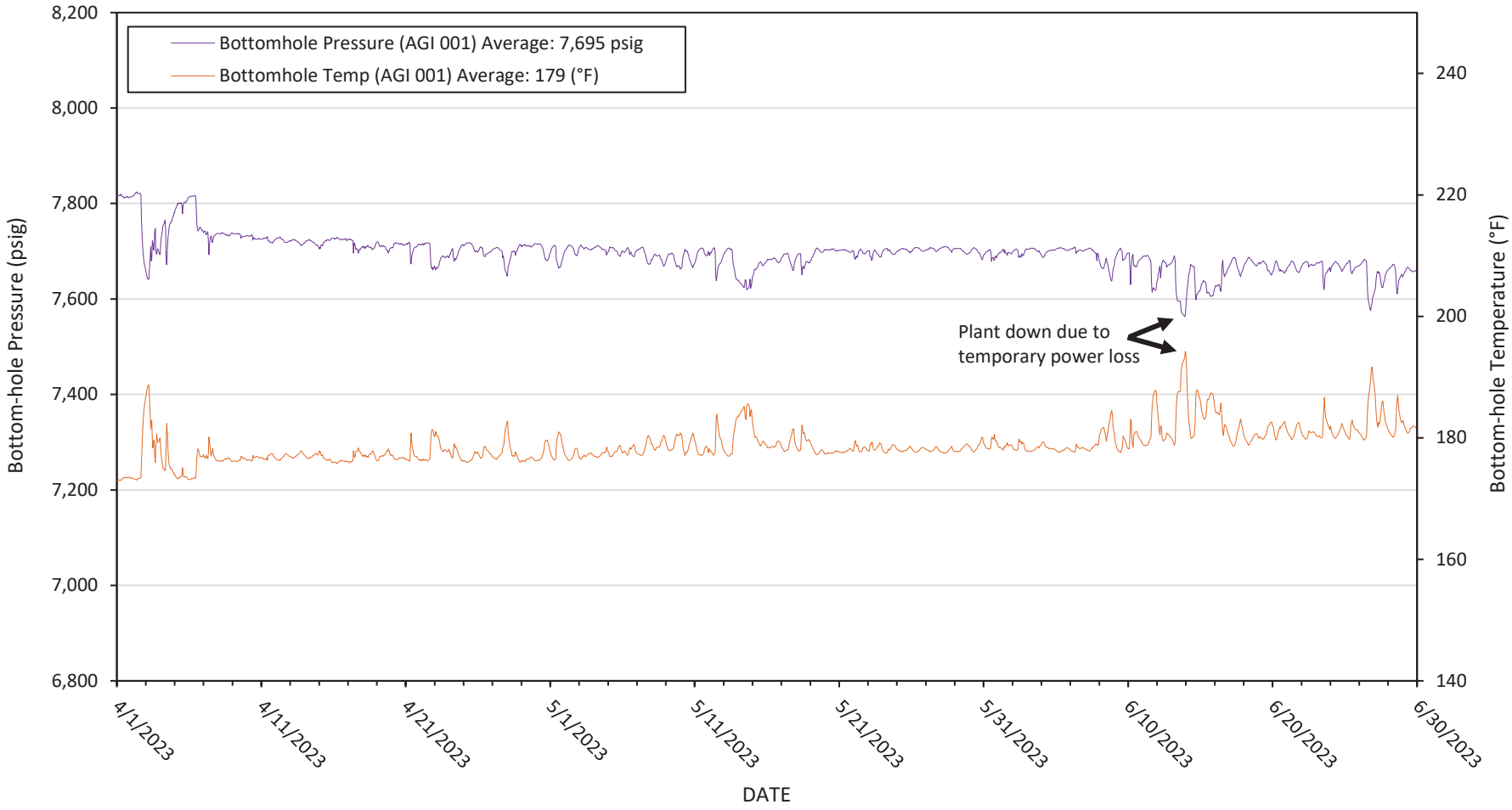


FIGURE 6. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE, AND INJECTION RATE

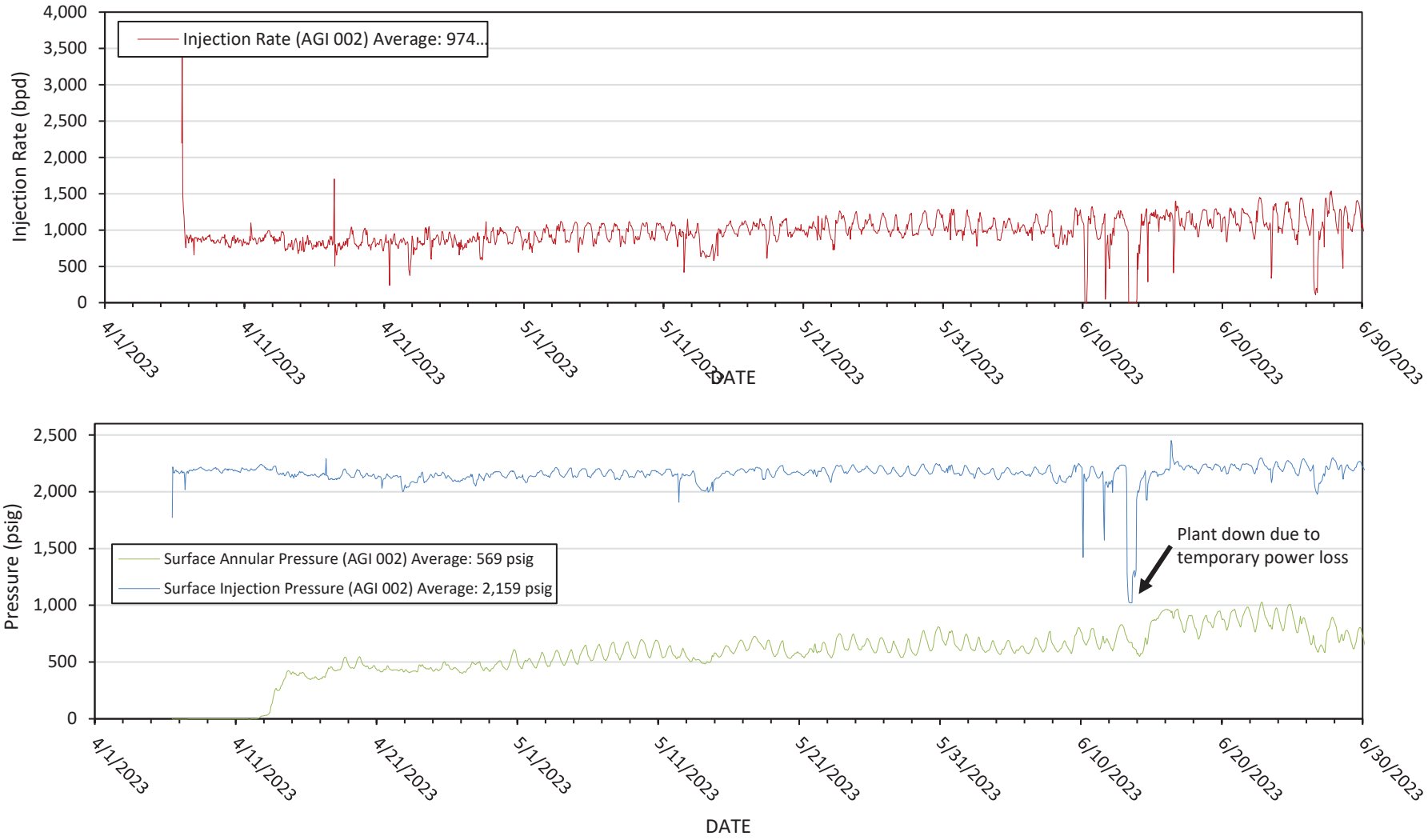


FIGURE 7. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE, ANNULAR PRESSURE AND INJECTION TEMPERATURE

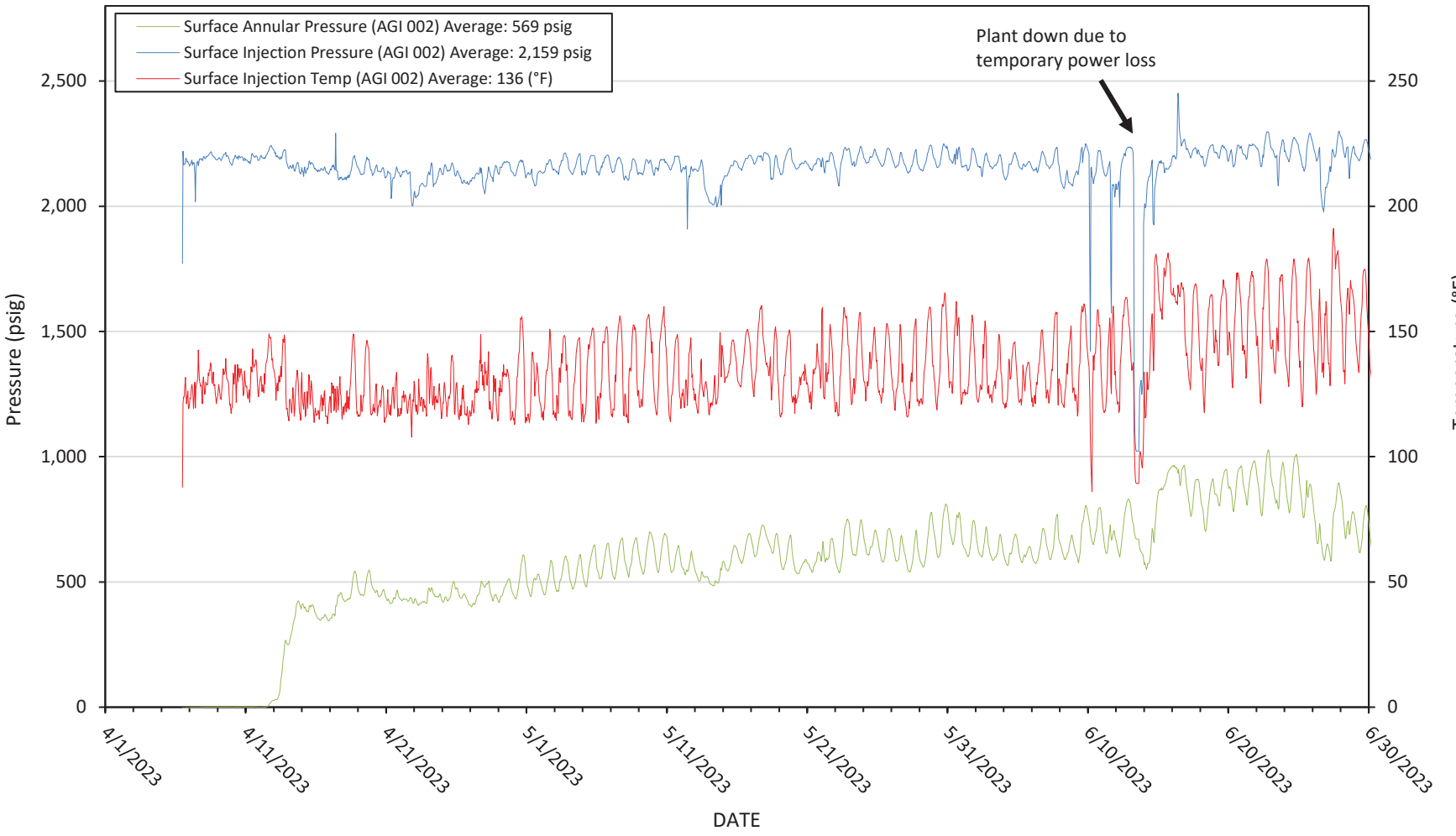


FIGURE 8. INDEPENDENCE AGI #2 SURFACE INJECTION PRESSURE AND BOTTOM-HOLE PRESSURE

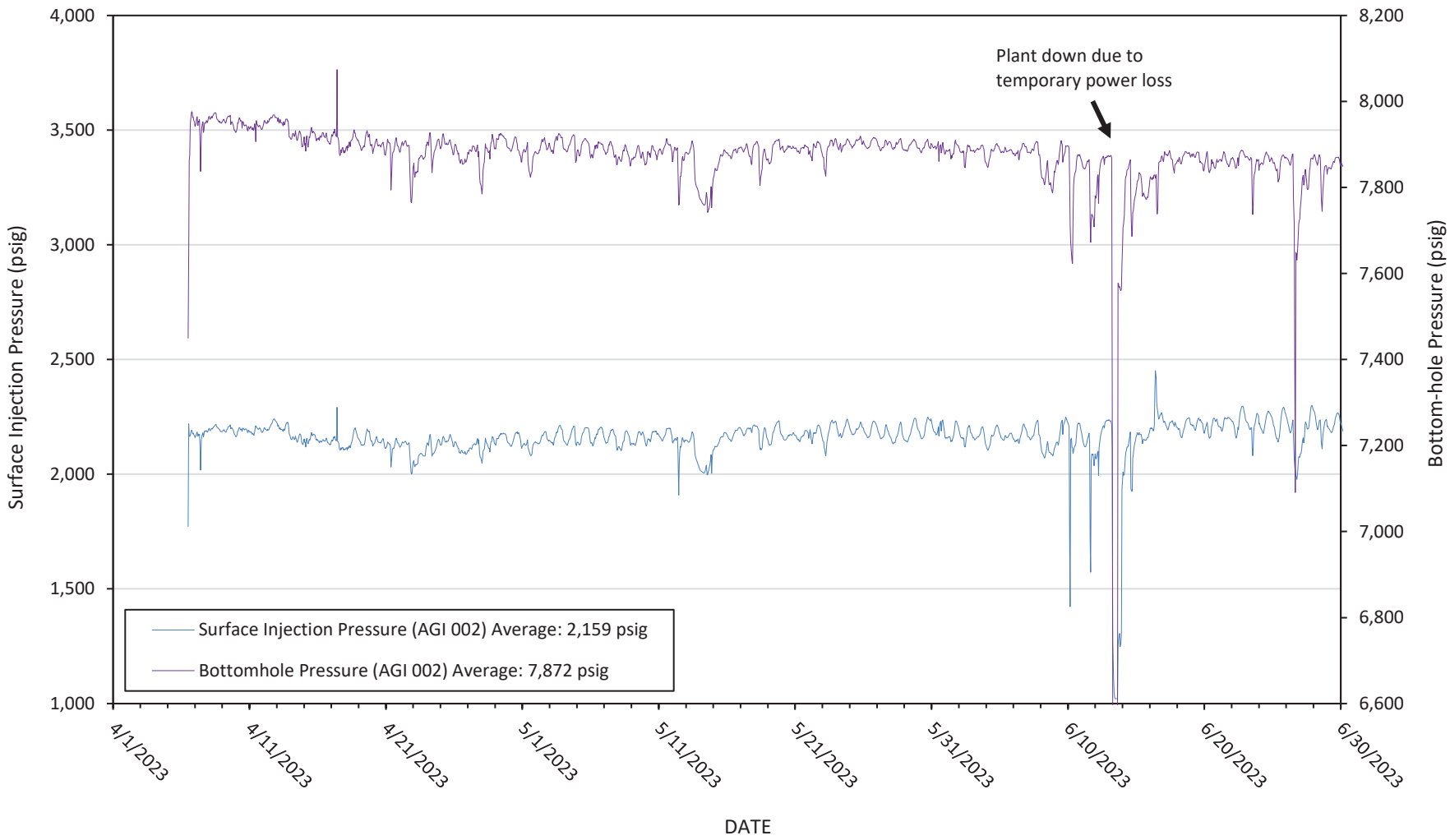


FIGURE 9. INDEPENDENCE AGI #2 BOTTOM-HOLE PRESSURE AND TEMPERATURE

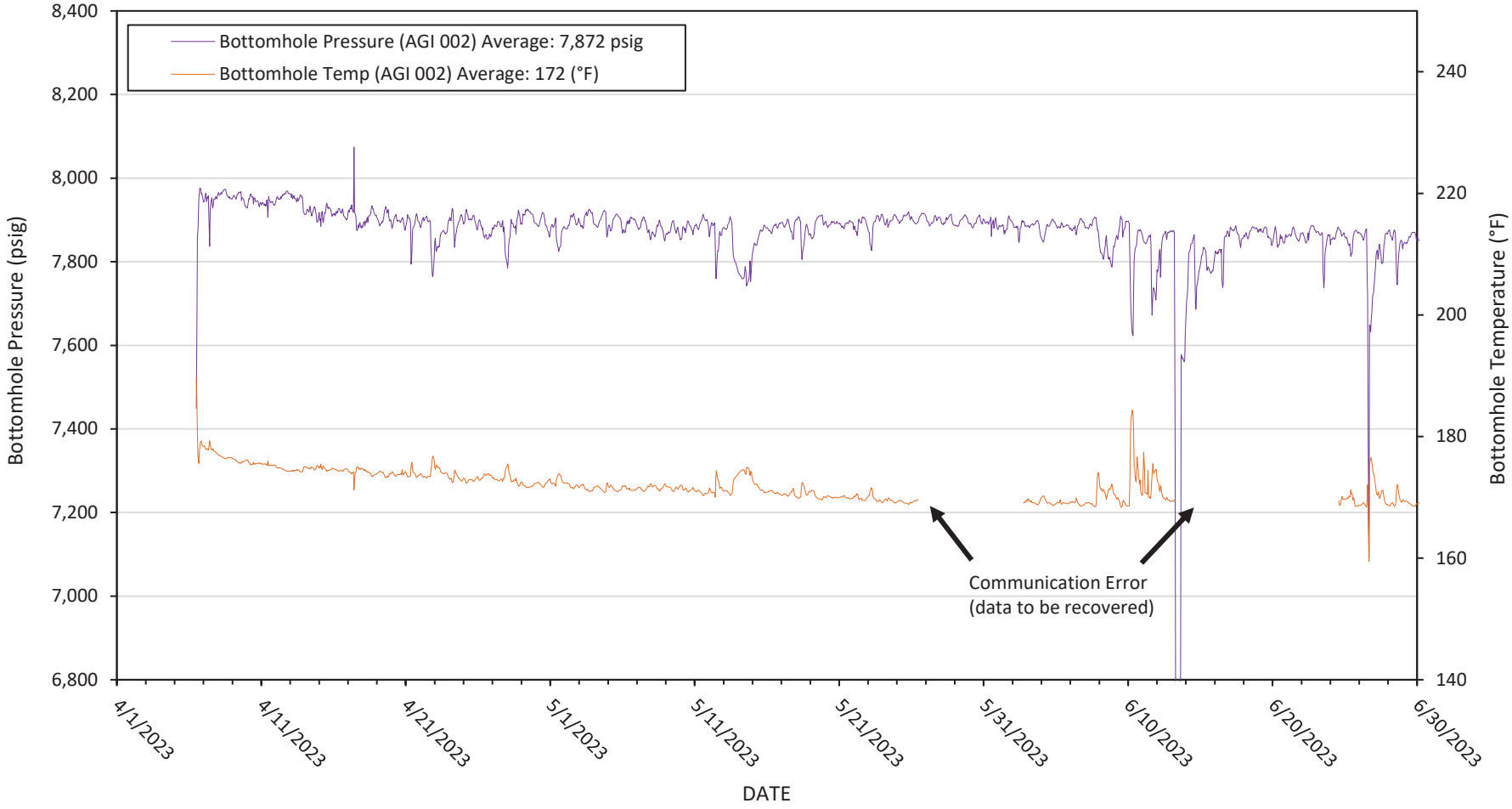
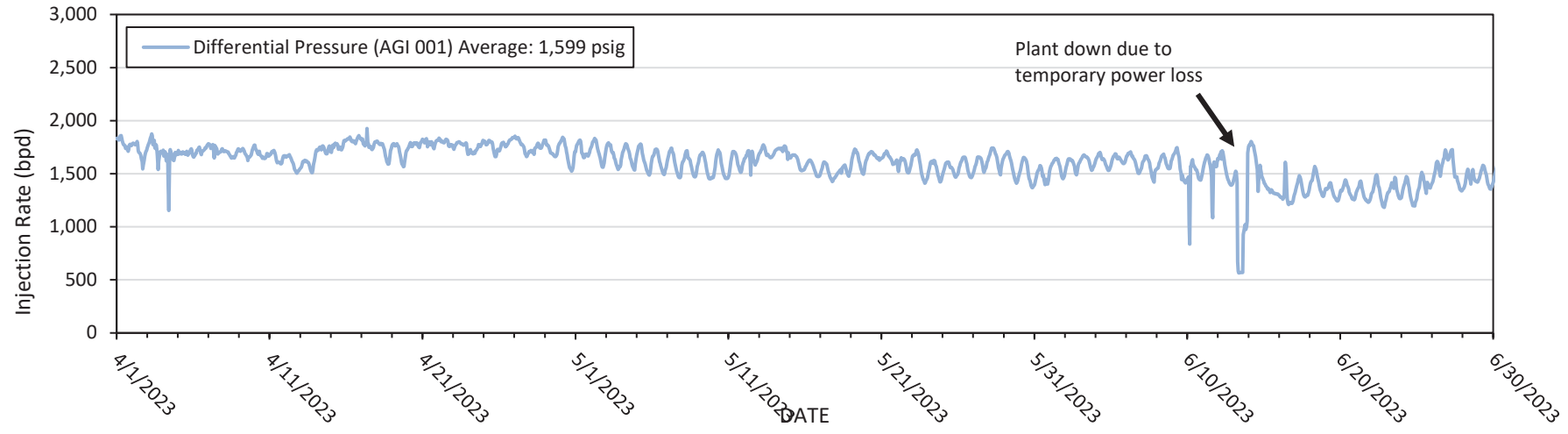
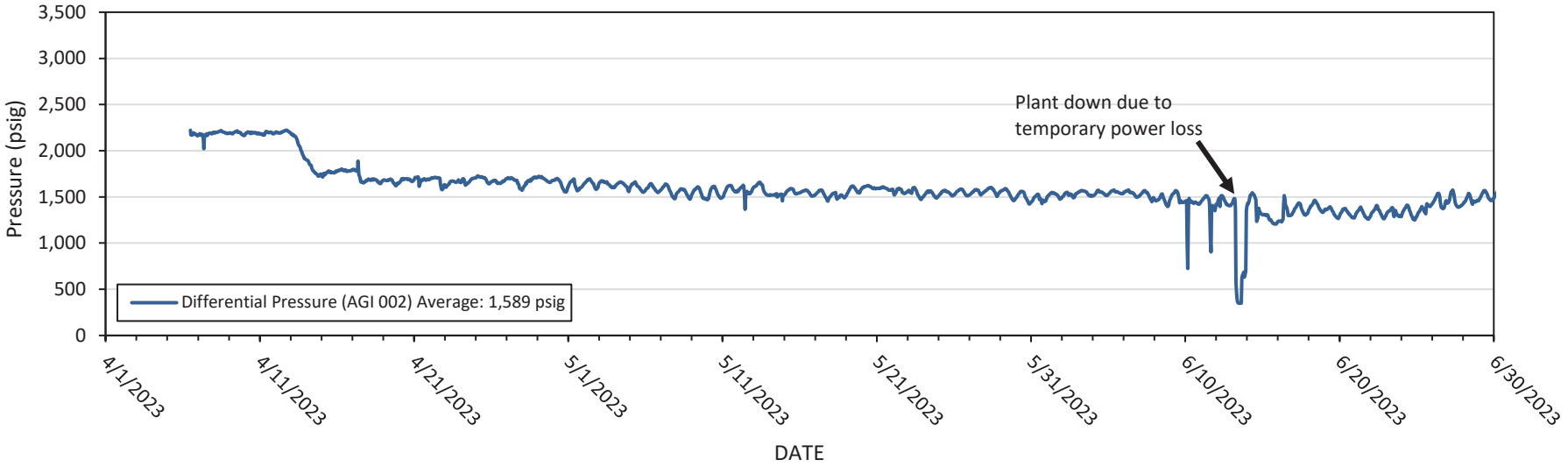


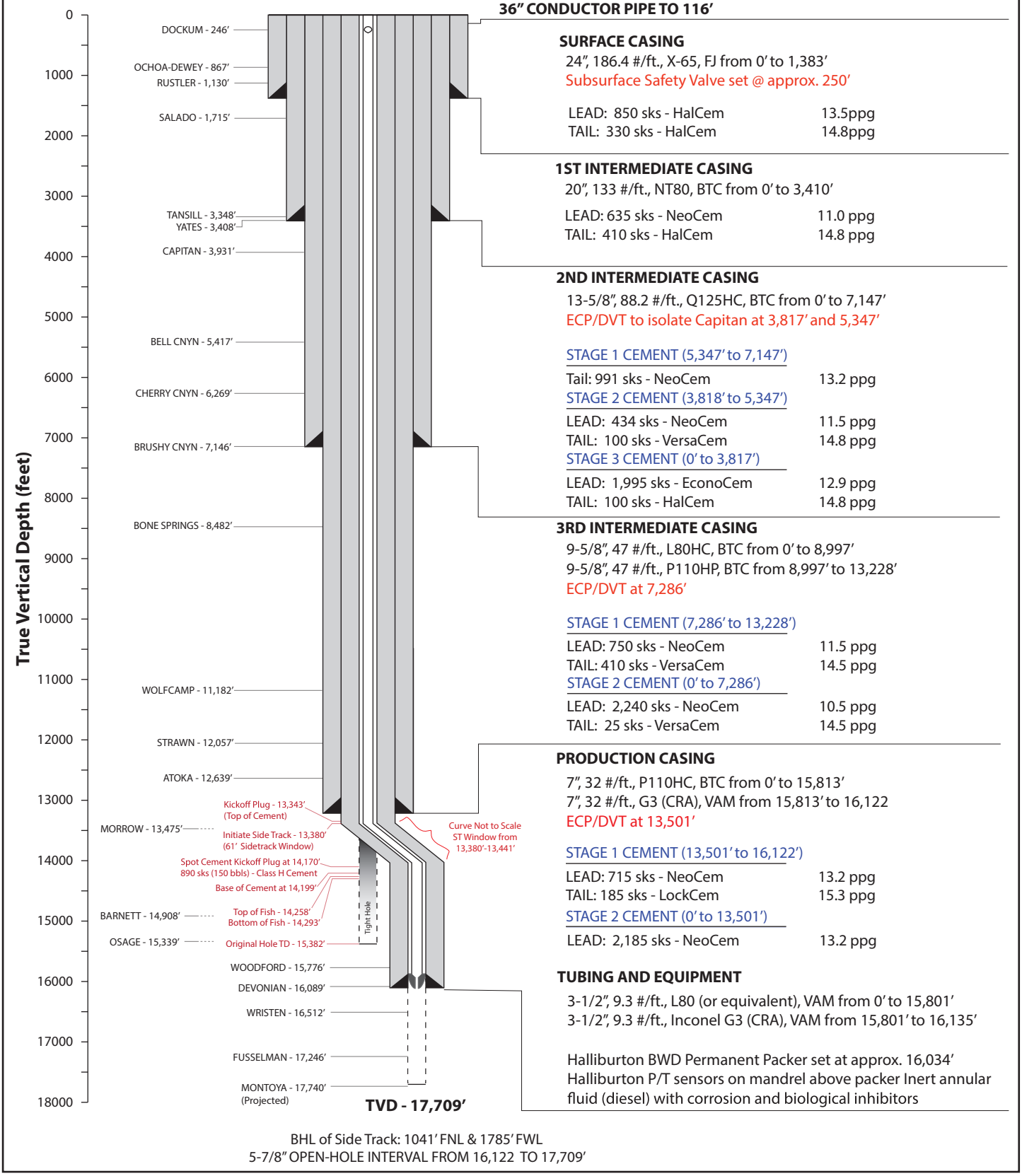
FIGURE 10. INDEPENDENCE AGI #1 AND AGI #2 DIFFERENTIAL PRESSURE





INDEPENDENCE AGI #1

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



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'

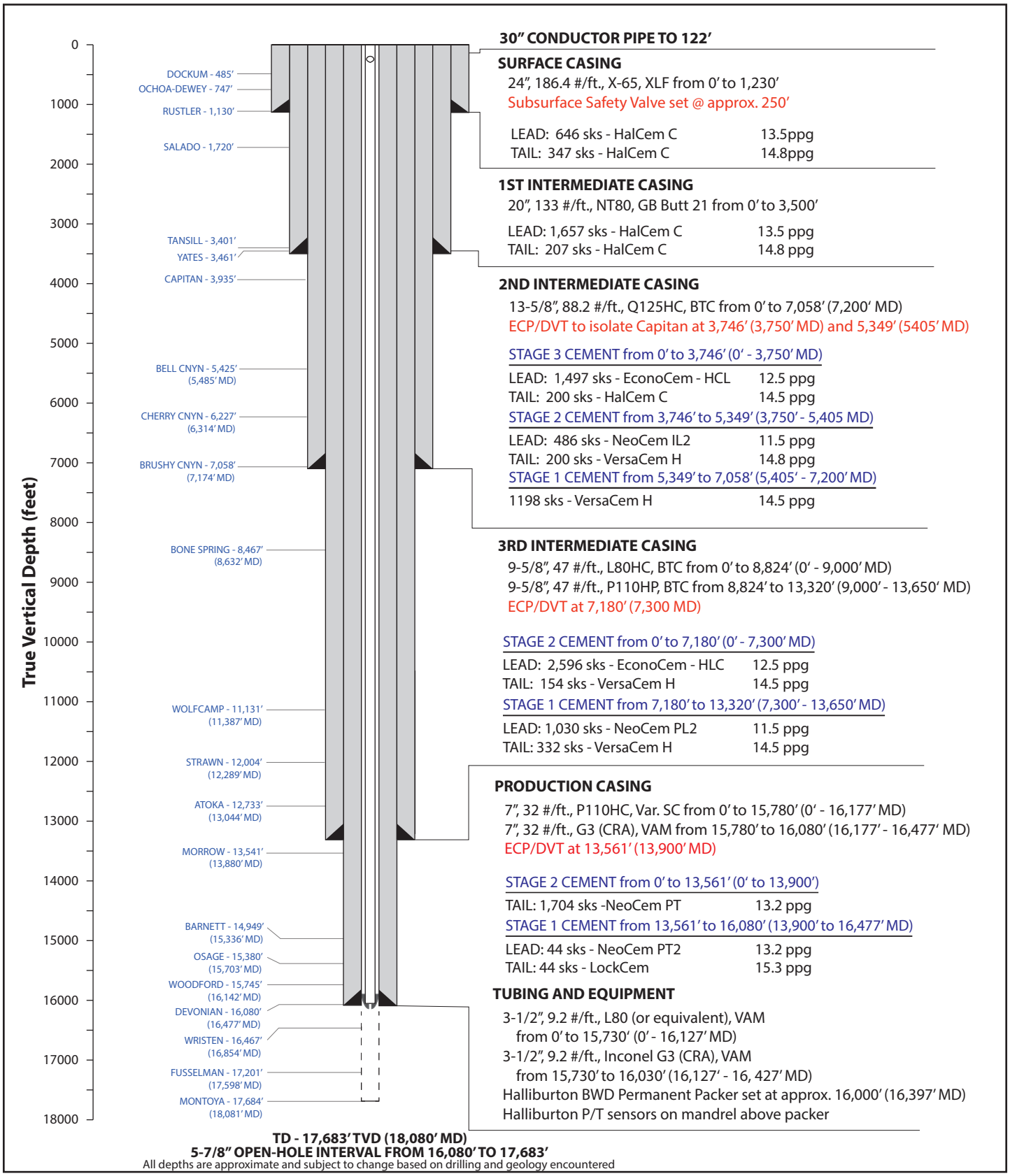
Halliburton BWD Permanent Packer set at approx. 16,034'
Halliburton P/T sensors on mandrel above packer Inert annular fluid (diesel) with corrosion and biological inhibitors

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.

INDEPENDENCE AGI #2

UL C - S20 - T25S - R36E
API: 30-025-49974
Lat: 32.1200628, Long: -103.2910251



30" CONDUCTOR PIPE TO 122'

SURFACE CASING
24", 186.4 #/ft., X-65, XLF from 0' to 1,230'
Subsurface Safety Valve set @ approx. 250'

LEAD: 646 sks - HalCem C	13.5ppg
TAIL: 347 sks - HalCem C	14.8ppg

1ST INTERMEDIATE CASING
20", 133 #/ft., NT80, GB Butt 21 from 0' to 3,500'

LEAD: 1,657 sks - HalCem C	13.5 ppg
TAIL: 207 sks - HalCem C	14.8 ppg

2ND INTERMEDIATE CASING
13-5/8", 88.2 #/ft., Q125HC, BTC from 0' to 7,058' (7,200' MD)
ECP/DVT to isolate Capitan at 3,746' (3,750' MD) and 5,349' (5405' MD)

STAGE 3 CEMENT from 0' to 3,746' (0' - 3,750' MD)

LEAD: 1,497 sks - EconoCem - HCL	12.5 ppg
TAIL: 200 sks - HalCem C	14.5 ppg

STAGE 2 CEMENT from 3,746' to 5,349' (3,750' - 5,405 MD)

LEAD: 486 sks - NeoCem IL2	11.5 ppg
TAIL: 200 sks - VersaCem H	14.8 ppg

STAGE 1 CEMENT from 5,349' to 7,058' (5,405' - 7,200' MD)

1198 sks - VersaCem H	14.5 ppg

3RD INTERMEDIATE CASING
9-5/8", 47 #/ft., L80HC, BTC from 0' to 8,824' (0' - 9,000' MD)
9-5/8", 47 #/ft., P110HP, BTC from 8,824' to 13,320' (9,000' - 13,650' MD)
ECP/DVT at 7,180' (7,300 MD)

STAGE 2 CEMENT from 0' to 7,180' (0' - 7,300' MD)

LEAD: 2,596 sks - EconoCem - HLC	12.5 ppg
TAIL: 154 sks - VersaCem H	14.5 ppg

STAGE 1 CEMENT from 7,180' to 13,320' (7,300' - 13,650' MD)

LEAD: 1,030 sks - NeoCem PL2	11.5 ppg
TAIL: 332 sks - VersaCem H	14.5 ppg

PRODUCTION CASING
7", 32 #/ft., P110HC, Var. SC from 0' to 15,780' (0' - 16,177' MD)
7", 32 #/ft., G3 (CRA), VAM from 15,780' to 16,080' (16,177' - 16,477' MD)
ECP/DVT at 13,561' (13,900' MD)

STAGE 2 CEMENT from 0' to 13,561' (0' to 13,900')

TAIL: 1,704 sks -NeoCem PT	13.2 ppg

STAGE 1 CEMENT from 13,561' to 16,080' (13,900' to 16,477' MD)

LEAD: 44 sks - NeoCem PT2	13.2 ppg
TAIL: 44 sks - LockCem	15.3 ppg

TUBING AND EQUIPMENT
3-1/2", 9.2 #/ft., L80 (or equivalent), VAM from 0' to 15,730' (0' - 16,127' MD)
3-1/2", 9.2 #/ft., Inconel G3 (CRA), VAM from 15,730' to 16,030' (16,127' - 16, 427' MD)
Halliburton BWD Permanent Packer set at approx. 16,000' (16,397' MD)
Halliburton P/T sensors on mandrel above packer

TD - 17,683' TVD (18,080' MD)
5-7/8" OPEN-HOLE INTERVAL FROM 16,080' TO 17,683'
All depths are approximate and subject to change based on drilling and geology encountered

10/12/2020

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