PRE-OPERATIONAL TESTING PROGRAM
40 CFR 146.87
GULF COAST SEQUESTRATION
PROJECT GOOSE LAKE

1.0 Facility Information

Facility name: Project Goose Lake
Well Numbers 1 and 2

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[The information is Confidential Business Information per 5 U.S.C. § 552 (b)(4) and (b)(9).]

2.0 Introduction

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To obtain the necessary permits from the EPA to commence full scale CO_2 injection operations, GCS must first undertake a comprehensive pre-operational data acquisition program across both the injection and confining zones to substantiate geological and reservoir modelling assumptions that form the current basis for well construction, injection rates, injection volumes, CO_2 migration (and associated pressure pulse) and surface facilities designs.

This data acquisition document is for the first well drilled in the program, "Injector 1", which will have exhaustive data collection and analysis according to the guidance given in EPA 816-R-13-004. These data will be used to reduce uncertainties and validate/update geologic models and validate/update reservoir engineering/simulation inputs. No data acquisition is currently planned for Injector 2, as any data acquisition would be substantively informed from the data acquisition in Injector 1.

3.0 Pre-Injection Testing Plan – Injection Well 1

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3.1 Deviation Checks

Deviation measurements will be conducted approximately every 500 ft while drilling surface hole, and approximately every 100 ft during construction of the remainder of the well.

3.2 Tests and Logs Performed During Drilling

3.2.1 Logging Summary and Data Reporting

Logs will be run, surveys conducted, and tests performed to determine/verify the depth, thickness, porosity, permeability, lithology, and chemistry of any formation fluids in all relevant geologic formations:

1. Upper Frio Formation (Injection Zone)
2. Anahuac Formation (Confining Zone)
3. Miocene interval (Secondary Confining Zone)
4. Base of the lowermost underground source of drinking water (USDW)

3.3 Data Acquisition

Table 3.2.1-1 lists the logs and other downhole tools run, and the approximate combination in which they will be run, as well as the technical information that the tools will deliver.

3.3.1 Conductor Hole Interval

The surface sediments at this location lack compressive strength, as indeed they are at the border of wetlands. Digging is not efficient in this hole interval because the sediments cave-in as fast as they can be excavated. The accepted manner in which to install steel casing across this interval is to hold the pipe vertically with a crane and drive it into the ground with hammer blows. The planned depth is 60 ft (effectively 80 ft RKB once the drilling rig is erected over the pipe). No drilling mud is used in this interval, nor cement. The pipe has a friction fit against the formation.

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3.3.1.1.1 Reporting

The results of the core analysis will help reduce uncertainty and improve the geological model and reservoir simulation. As requested, a report prepared by a log analyst [40 CFR 146.87(b)] will be submitted. It will include information on methods, notes on quality assurance samples and calibration of instrumentation as appropriate, results in tabular or graphic form, and photographs as appropriate.

3.3.1.2 Logging

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3.3.1.2.1 Reporting

Report results will be used to update the model and to modify data collection programs in successive wells. After the conclusions of drilling, GCS will prepare a report that includes an interpretation of the results of the logs. The report will be in electronic format and will include:

- The date and time of each test, the date of wellbore completion, and the date of installation of all casings and cements
- Chart (graphical) results of each log and any supplemental data
- The name of the logging company and log analyst and information on their qualifications
- Interpretation of the well logs by the log analyst, including any assumptions, determination of porosity, permeability, lithology, thickness, depth, and formation fluid salinity of relevant geologic formations
- Any changes in interpretation of site stratigraphy based on formation testing logs

The results of the fluid analyses will help reduce uncertainty, improve the model, and define the AoR. Documentation guidelines will be followed. When this phase of work is complete, the following information will be submitted:

1. Type of sampling equipment used and field procedure
2. If the sample was pumped, flow rate, type of pump, location of the pump, and geochemical modeling results indicating the likely geochemical makeup of the fluids at downhole conditions
3. Data for field measurements (pH, SC, temperature, pressure)
4. Laboratory results, including QA samples
5. Notes on any anomalous data

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4.0 Pre-Injection Testing Plan – Deep Monitoring Well TBD

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4.1 Deviation Checks

Deviation measurements will be conducted approximately every 500 ft while drilling surface hole, and approximately every 1,000 ft during construction of the remainder of the well if the monitoring well happens to be vertical. Deviated Monitoring wells will have deviation checks approximately every 100 ft when drilling below surface hole.

4.1.1 Demonstration of mechanical integrity

Table 4.2.3-1 provides a summary of the MITs to be performed on the deep monitoring well(s), after installation and prior to commencing CO_2 injection operations.

5.0 Annulus Pressure Test Procedures for Injection Well No. 1

The injection tubing and packer will be installed. The packer seal against the long string casing wall will be tested by applying pressure to the annulus between the casing and injection tubing above the packer; the test (second test) will be charted to record that no leakage occurs. In addition, the fiber optic cable attached to the outside of the long string casing will be able to monitor the temperature along the entire length of the casing (distributed array temperature) and will detect any leakage by showing a temperature change at the leak point. A tubing plug will be installed in

an internal profile seat near the bottom of the tubing string, and pressure will be applied above it to test (third test) the tubing integrity. Test pressure will not exceed 80% of the tubing burst rating.

These three pressure tests satisfy the requirements of 40 CFR 146.89(a)(1), with the first test occurring shortly after the well is drilled and the other two tests (packer and tubing) after all permits for injection have been obtained and the injection well has been completed.

Gulf Coast Sequestration LLC will notify EPA least 30 days prior to conducting these tests and provide a detailed description of the testing procedure. Notice and the opportunity to witness these tests/logs shall be provided to EPA at least 48 hours in advance of a given test/log.

6.0 Annulus Pressure Test Procedures for Monitoring Well TBD

Similar to the Class VI injection well, the In-Zone monitoring well will have tubing and a packer set inside the long string casing. The packer seal against the long string casing wall will be tested by applying pressure to the annulus between the casing and injection tubing above the packer; the test will be charted to record that no leakage occurs.

7.0 Pressure Fall-Off Test Procedures:

A short-term injection/falloff test will be performed to analyze reservoir permeability, determine injection potential, and evaluate skin damage (completion efficiency) of the wellbore for each well. The initial test will provide a baseline standard for each well to measures the effects of CO_2 injection into the near wellbore. Subsequently, a pressure falloff test will be performed every five years or more frequently if required by the UIC Program Director [40 CFR 146.90(f)]. All this information will help improve the model and provide learnings for future data collection.

A falloff test is conducted by a long period of injection, followed by a long period of well shut in. Pressures are monitored prior to injection, during injection, and the observed drop of time period until the formation reaches the initial static pressures. The test will be designed in accordance with the USEPA Region 6 UIC Pressure Falloff Testing Guidance (Third Revision – August 8, 2002). The wells will be shut-in for a sufficient period to allow for static conditions (*i.e.,* no injection prior to test). Two gauges will be installed downhole at the injection interval to obtain the initial bottomhole pressure. Continuous injection will occur at a steady pre-defined rate for an acceptable duration to produce a measurable pressure transient that will produce a falloff test. The gauges downhole will monitor the flowing bottomhole pressures. The well will be shut in at the wellhead (to minimize wellbore storage effects). The pressure falloff will be monitored until the well reaches radial flow (pressure response for the reservoir) and a final bottomhole pressure is measured. Note, no injection will occur from offset wells during the pressure falloff tests. The injection will be isolated to the well actively being tested.

In performing a falloff test analysis, a series of plots and calculations will be prepared to QA/QC the test, identify flow regimes, and determine well completion and reservoir parameters. It will also be used to compare formation characteristics such as transmissivity and skin factor of the near-wellbore for changes over time. Skin effects due to drilling and completion (possible damage from perforation) will be assessed for the wells injectivity and potential well cleanouts in the future. These tests can also measure drops in pressure due to potential damage/leakage over time. In CO_2,

it is anticipated that pressure drops may indicate multiple fluid phases. The analysis will be designed to consider all parameters.

Reports will be submitted to the EPA within 30 days of the test [40 CFR 146.91 (e) and 146.91 (b)(3)].

8.0 References

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