

NM OIL CONSERVATION

ARTESIA DISTRICT
OCD Artesia

JUN 20 2014

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OM B No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM53373
2. Name of Operator Unit Petroleum Company		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 702500, Tulsa OK 74170-2500	3b. Phone No. (include area code) 918.493.7700	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SESW 3 24S 29E NMP EDDY NM		8. Well Name and No. HB 3-2
		9. API Well No.
		10. Field and Pool, or Exploratory Area
		11. County or Parish, State EDDY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Variance on Beta</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>requirement</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

It has been brought to my attention that the DCP Midstream sales meter for the Unit Petroleum HB 3 -2 is out of compliance. I am responding to the major violation #14JH0131 Beta Ratio issue to be completed by 11/26/2013.

I reviewed the DCP October 2013 volume statement. The current sales meter tube is a 2.069, the recording device is an Electronic Flow Meter and the average Differential Pressure for October was 19" (many days are lower due to flowing conditions of the well).

Although the Beta Ratio is below the desired limit of .15, increasing the plate size will result in a very low/non-measurable differential pressure and a loss of gas sales revenue.

I am recommending that measurement operations continue with the current equipment in place with the plate size of .250, 2.069 meter run and the Electronic Flow Meter for the best interest of all parties involved.

*Gas sales for this well was only 174mcf total for the month of October 2013 for an average of 5.6mcf/d.

I have included a copy of the Notice with my title, signature, date and comments along with a copy of DCP's October 2013 sales volumes statement for your reference. Thank you for your consideration in this matter.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Rick Alexander

Title Manager, Gas Measurement

Signature

Date

11/27/2013

AKD 6/24/14
Accepted for record
NMDCD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ JD Whitlock Jr	Title E.P.S	Date 6/13/14
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office CFO	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

GAS VOLUME STATEMENT

October, 2013

DCP Midstream, LLC
370 17th St., Suite 2500
Denver, CO 80202



Meter #: 33170100
Name: H.B. 3 FEDERAL 1 #2
Closed Data
Standard Conditions

Pressure Base: 14.730 psia Temperature Base: 60.00 °F HV Cond: Dry Meter Type: EFM Contract Hr.: Midnight
Status: Active WV Technique: Equivalent Dry Volume WV Method: 1955 IGT-Bulletin 8

CO2	N2	H2O	H2S	O2	He	C1	C2	C3	I-C4	N-C4	I-C5	N-C5	C6+
2.284	2.519		0.0000	0.000	0.000	75.031	9.482	4.836	0.652	1.813	0.566	0.708	2.109
Tube I.D.	Interval	Tap Location		Tap Type	Atmos. Pressure	Calc. Method	Fpv Method	Full Wellstream					
2.0690 in.	1 Hour	Upstream		Flange	13.200 psi	AGA3-1992	AGA8-Detail	N					

Day	Differential (in. H2O)	Pressure (psia)	Temperature (°F)	Hours Flow	Relative Density	Plate (inches)	Volume (Mcf)	Heating Value (Btu/scf)	Energy (MMBtu)
1	3.17	47.64	70.71	23.32	0.7987	0.2500	4	1295.05	5
2	10.76	49.25	72.62	19.59	0.7987	0.2500	4	1295.05	5
3	3.90	47.13	74.45	22.41	0.7987	0.2500	4	1295.05	5
4	2.73	46.10	74.15	22.81	0.7987	0.2500	3	1295.05	4
5	2.53	45.94	62.35	23.31	0.7987	0.2500	3	1295.05	5
6	2.12	46.05	59.34	22.64	0.7987	0.2500	4	1295.05	4
7	4.30	48.67	60.72	17.98	0.7987	0.2500	2	1295.05	4
8	1.97	47.68	64.43	19.98	0.7987	0.2500	3	1295.05	3
9	1.96	48.34	74.97	20.25	0.7987	0.2600	3	1295.05	3
10	1.71	46.68	73.26	20.84	0.7987	0.2500	2	1295.05	4
11	3.01	55.62	68.12	10.63	0.7987	0.2500	2	1295.05	2
12	2.14	65.26	54.63	5.58	0.7987	0.2500	1	1295.05	1
13	12.70	84.94	64.98	2.63	0.7987	0.2500	1	1295.05	1
14	33.31	55.31	71.45	20.12	0.7987	0.2500	7	1295.05	10
15	42.34	54.49	60.90	22.76	0.7987	0.2500	14	1295.05	18
16	41.13	76.00	64.74	16.61	0.7987	0.2500	10	1295.05	12
17	37.52	68.59	59.32	16.19	0.7987	0.2500	9	1295.05	12
18	18.02	60.93	66.59	15.60	0.7987	0.2500	7	1295.05	10
19	18.02	60.93	66.59	15.60	0.7987	0.2500	8	1295.05	9
20	18.02	60.93	66.59	15.60	0.7987	0.2500	7	1295.05	10
21	18.02	60.93	66.59	15.60	0.7987	0.2500	7	1295.05	9
22	18.02	60.93	66.59	15.60	0.7987	0.2500	7	1295.05	10
23	16.30	61.02	72.23	19.34	0.7987	0.2500	9	1295.05	10
24	31.73	62.84	76.99	21.73	0.7987	0.2500	8	1295.05	11
25	12.23	63.51	60.77	21.83	0.7987	0.2500	7	1295.05	10
26	9.16	66.62	64.43	19.80	0.7987	0.2500	7	1295.05	8
27	18.75	59.73	59.96	19.85	0.7987	0.2500	7	1295.05	10
28	14.98	62.89	70.18	17.50	0.7987	0.2500	6	1295.05	8
29	9.85	63.24	72.64	20.63	0.7987	0.2500	7	1295.05	8
30	7.62	58.50	66.49	21.27	0.7987	0.2500	6	1295.05	7
31	8.90	57.99	60.93	19.79	0.7987	0.2500	5	1295.05	8
TOTAL	19.02	58.98	66.54	567.38	0.7987		174		226

Volume at 15.025 = 171 Energy = 226

Bureau of Land Management

Carlsbad Field Office and Hobbs Field Station
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Conditions of Approval

Unit Petroleum Company

HB 3 Federal #2

NM53373

3001526999

1. This variance is only for well #2 if any other well is added to this battery the variance will have to be resubmitted and be reevaluated at that time.
2. All requirements of Onshore Order #5 Measurement of Gas, other than to allow the Beta Ratio to be a .12 which is outside the requirement of between .15 and .70, will still apply to the gas measurement. This approval is for the meter tube of 2.069 and the orifice plate of .025.