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 Road, Aztec, NM 87410
District IV *(505)* 827-8198
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-106
Revised August 1, 2011

ACT Permit No. _____

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Operator WPX Energy LLC

Address 721 S Main ST Aztec NM 87410 County San Juan

Lease(s) to be served by this ACT Unit V092090000

Pool(s) to be served by this ACT Unit Lybrook Gallup

Location of ACT System: Unit P Section **02** Township 22N Range 06W

Order No. authorizing commingling between leases if more than one lease is to be served by this system.

NA Date

Order No. authorizing commingling between pools if more than one pool is to be served by this system

NA Date

Authorized transporter of oil from this system- Western Refining

Transporter's address 3303 North 1st Street Bloomfield NM 87413

Maximum expected daily through-put for this system: 1700 BBLS/D

If system fails to transfer oil due to malfunction or otherwise, waste by overflow will be averted by:

CHECK ONE: A. ☐ Automatic shut-down facilities as required by 19.15.18.15.C(8) NMAC

B. X Providing adequate available capacity to receive production during maximum unattended time of lease operation 19.15.18.15.C(9) NMAC

If "A" above is checked, will flowing wells be shut-in at the header manifold or at the wellhead?

Maximum well-head shut-in pressure

If "B" above is checked, how much storage capacity is available above the normal high working level of the surge tank 3400 BBLS.

What is the normal maximum unattended time of lease operation? 16 Hours.

What device will be used for measuring oil in this ACT unit?

CHECK ONE: ☐ Positive displacement meter ☐ Weir-type measuring vessel

☐ Positive volume metering chamber X Other; describe Coriolis Meter

Remarks: This LACT will be selling to trucks, not pipeline

OPERATOR:

I hereby certify above information is true and complete to best of my knowledge and subject ACT system will be installed and operated in accordance with Rule 19.15.18.15 NMAC. Approval of this Form C-106 does not eliminate necessity of an approved C-104 prior to running any oil or gas from this system.

Signature Matt Basye

Printed Name & Title Matt Basye/ Production Supervisor

E-mail Address matt.basye@wpxenergy.com

Date 6/5/14 Telephone 505-486-1837

OIL CONSERVATION DIVISION

Approved by: Brandon Powell

Title: Deputy Oil and Gas Inspector

Date: 7/17/14

INSTRUCTIONS: Submit one copy of Form C-106 with following attachments to appropriate district office.

1) Lease plat showing all wells which will be produced in ACT system.
2) Schematic diagram of battery and ACT equipment showing all major components and means employed to prove accuracy of measuring device.

3) Letter from transporter agreeing to utilization of ACT system as shown on schematic diagram.

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
		WILDCAT (GALLUP)

[4] Property Code	[5] Property Name	[6] Well Number
	CHACO 2206-02P	228H

[7] OGRID No.	[8] Operator Name	[9] Elevation
120782	WPX ENERGY PRODUCTION, LLC	6944'

[10] Surface Location

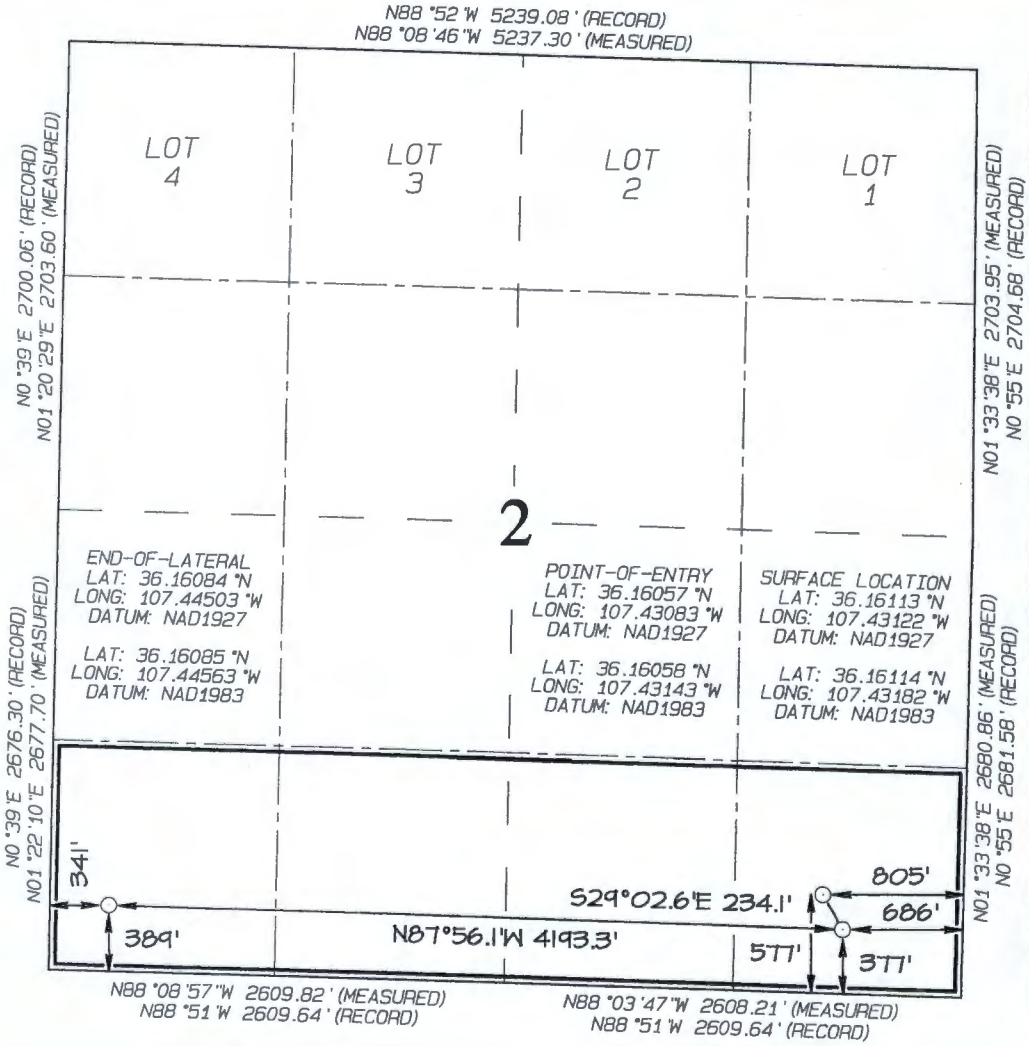
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	2	22N	6W		577	SOUTH	805	EAST	SANDOVAL

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	22N	6W		389	SOUTH	341	WEST	SANDOVAL

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
160.0 Acres - (S/2 S/2)			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



[17] OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Matt Basye 6-5-14
Signature Date

Matt Basye
Printed Name

matt.basye@wpxenergy.com
E-mail Address

[18] SURVEYOR CERTIFICATION

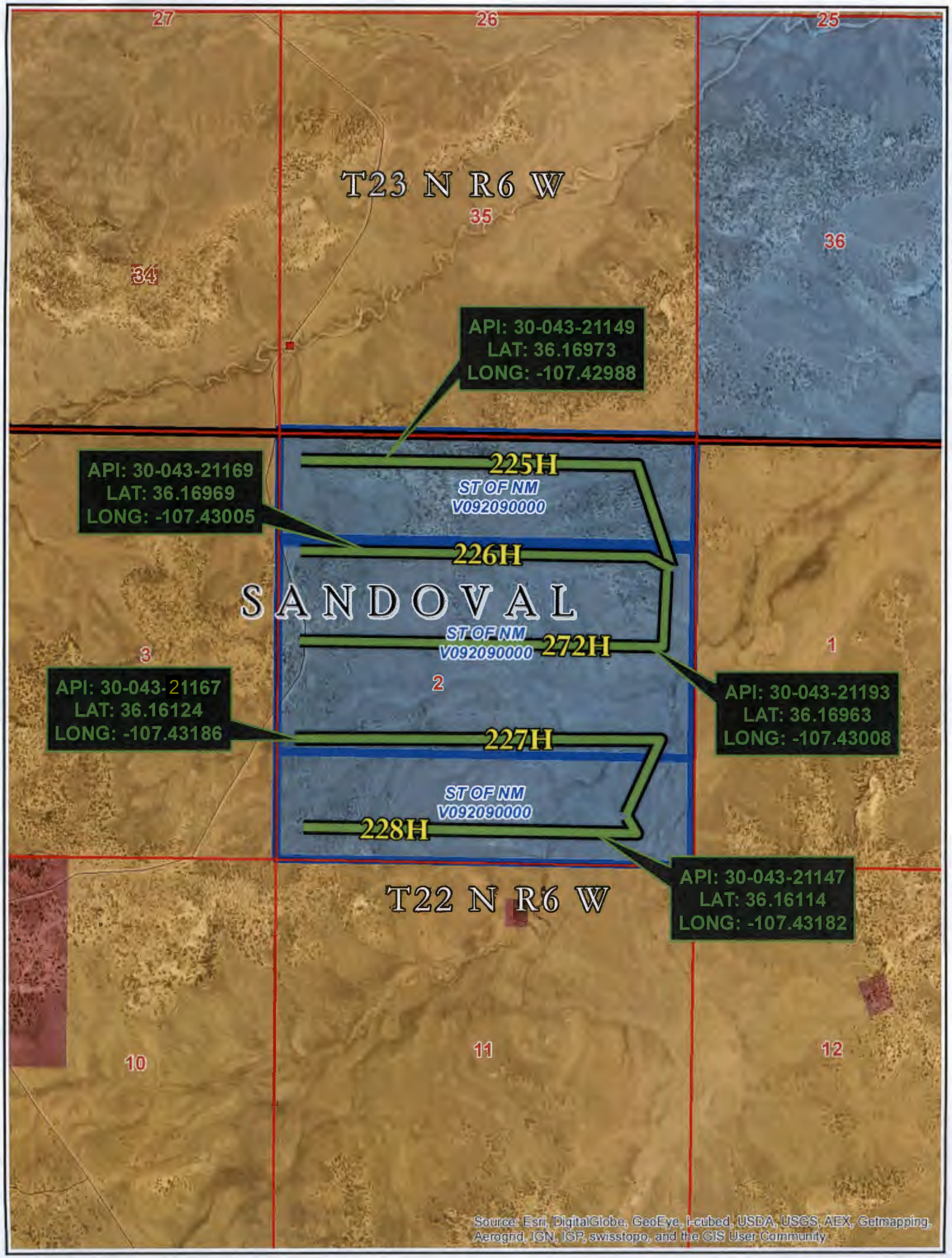
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: JULY 23, 2013
Date of Survey: JUNE 8, 2012

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269


27
26
25
T23 N R6 W
35
36
34
API: 30-043-21149
LAT: 36.16973
LONG: -107.42988
API: 30-043-21169
LAT: 36.16969
LONG: -107.43005
225H
ST OF NM
V092090000
226H
SANDOVAL
ST OF NM
V092090000
272H
3
2
1
API: 30-043-21167
LAT: 36.16124
LONG: -107.43186
API: 30-043-21193
LAT: 36.16963
LONG: -107.43008
227H
ST OF NM
V092090000
228H
API: 30-043-21147
LAT: 36.16114
LONG: -107.43182
T22 N R6 W
10
11
12
Source: Esri, DigitalGlobe, GeoEye, i-cubed, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Basye, Matt

From: White, Randy [Randy.White@wnr.com]
Sent: Friday, May 02, 2014 9:33 AM
To: Hixon, Melinda
Cc: Basye, Matt
Subject: Re: Purchasing oil from WPX LACT facilities

Proved monthly and no other buyers load bbls there while we are buying through the meters.

Sent from my iPhone

On May 2, 2014, at 9:18 AM, "Hixon, Melinda" <Melinda.Hixon@wnr.com> wrote:

> We have actively participated in the LACT unit pilot project with WPX on the Chaco #114H CDP and the Chaco #228H CDP battery's and are in agreement on using the LACT as the sales point for these facilities as long as, these LACTS will be proved monthly to comply with regulations.
>
> Randy, are you in agreement? Please respond to Matt and I both
>
> <image002.jpg>
> Mindy Hixon(Melinda)
> Terminal Manager
> Bloomfield New Mexico
> 505/634-4737 Office
> 505/320-2307 Cell phone

19.15.18.15.C. The division shall not approve form C-106 unless the operator of the ACT system will install and operate the ACT system in compliance with the following requirements.

(1) Provision is made for accurate determination and recording of uncorrected volume and applicable temperature, or of temperature corrected volume. The system's overall accuracy shall equal or surpass manual methods.

- The LACT system is more accurate when compared to a manual tank sale. It is proved per BLM Onshore Order #4 Measurement of Oil and API MPMS Chapter 4 Proving Systems; with a third party volumetric prover on a monthly interval and at initial use. . The LACT also has a temperature RTD which will be calibrated semi-annually, unless more frequent verification is requested by the division.

(2) Provision is made for representative sampling of the oil transferred for determination of API gravity and BS&W content.

- The LACT is equipped with a flow proportional sampler (sample probe and actuated valve). The sampled fluid is stored in a sealed cylinder that is used for API gravity and S&W determination.

(3) Provision is made if required by either the oil's producer or the transporter to give adequate assurance that the ACT system runs only merchantable oil.

- The LACT is equipped with a water cut analyzer that communicates with the flow computer. When the S&W set point is reached the divert valve will engage sending non-merchantable oil to a divert tank. The set point can be adjusted in the flow computer but only if agreed upon by both shipper and producer.

(4) Provision is made for set-stop counters to stop the flow of oil through the ACT system at or prior to the time the allowable has been run. Counters shall provide non-reset totalizers that are visible for inspection at all times.

- The coriolis meter has a non-resettable totalizer which is always visibly available on the LCD display.

(5) Necessary controls and equipment are enclosed and sealed, or otherwise arranged to provide assurance against, or evidence of, accidental or purposeful mismeasurement resulting from tampering.

- All means of escape and measurement of oil are sealed and tracked in the seal log.

(6) The ACT system's components are properly sized to ensure operation within the range of their established ratings. All system components that require periodic calibration or inspection for proof of continued accuracy are readily accessible; the frequency and methods of the calibration or inspection shall be as set forth in Paragraph (12) of Subsection C of 19.15.18.15 NMAC.

- The coriolis is proved per BLM Onshore Order #4 Measurement of Oil and API MPMS Chapter 4 Proving Systems; with a third party volumetric prover on a monthly interval and at initial use. The prover is NIST traceable and water drawn on a bi-annual basis. Monthly proving will continue per the rule, unless a variance is granted by the Division. NMOCD representatives are sent the schedule to witness if desired. The temperature transmitter is verified on a semi-annual basis, unless more frequent verification is requested by the division. The water cut analyzer is calibrated as needed.

(7) The control and recording system includes adequate fail-safe features that provide assurance against mismeasurement in the event of power failure, or the failure of the ACT system's component parts.

- In the event of power failure, the divert valve mechanically goes to a "failed state" and no longer sales oil but only sends it to the divert tank.
- All of the historized volume data is stored in flow computer memory with battery backup and is also transmitted by SCADA, multiple times a day, to an office server. So even during a power failure no oil volume is lost.
- In the event of a malfunction, the LACT unit is programmed to shut off and the divert valve is forced to close and no longer sales oil but only sends it to the divert tank. The malfunction is also logged by the flow computer.

(8) The ACT system and allied facilities include fail-safe equipment as may be necessary, including high level switches in the surge tank or overflow storage tank that, in the event of power failure or malfunction of the ACT or other equipment, will shut down artificially lifted wells connected to the ACT system and will shut in flowing wells at the well-head or at the header manifold, in which latter case the operator of the ACT system shall pressure test all flowlines to at least 1½ times the maximum well-head shut-in pressure prior to the ACT system's initial use and every two years thereafter.

- Hi level switches are in place and will shut the well in at the inlet to the production unit in the event of a full tank. Flow lines were tested to 1 ½ times shut in pressure at initial construction. Testing will commence every two years to ensure piping integrity.

(9) As an alternative to the requirements of Paragraph (8) of Subsection C of 19.15.18.15 NMAC the producer shall provide and at all times maintain a minimum of available storage capacity above the normal high working level of the surge tank to receive and hold the amount of oil that may be produced during maximum unattended time of lease operation.

- NA

(10) In all ACT systems employing automatic measuring tanks, weir-type measuring vessels, positive volume metering chambers or any other volume measuring container, the container and allied components shall be properly calibrated prior to initial use and shall be operated, maintained and inspected as necessary to ensure against incrustation, changes in clingage factors, valve leakage or other leakage and improper action of floats, level detectors, etc.

- NA- Coriolis meter

(11) In ACT systems employing positive displacement meters, the meter and allied components shall be properly calibrated prior to initial use and shall be operated, maintained and inspected as necessary to ensure against oil mismeasurement.

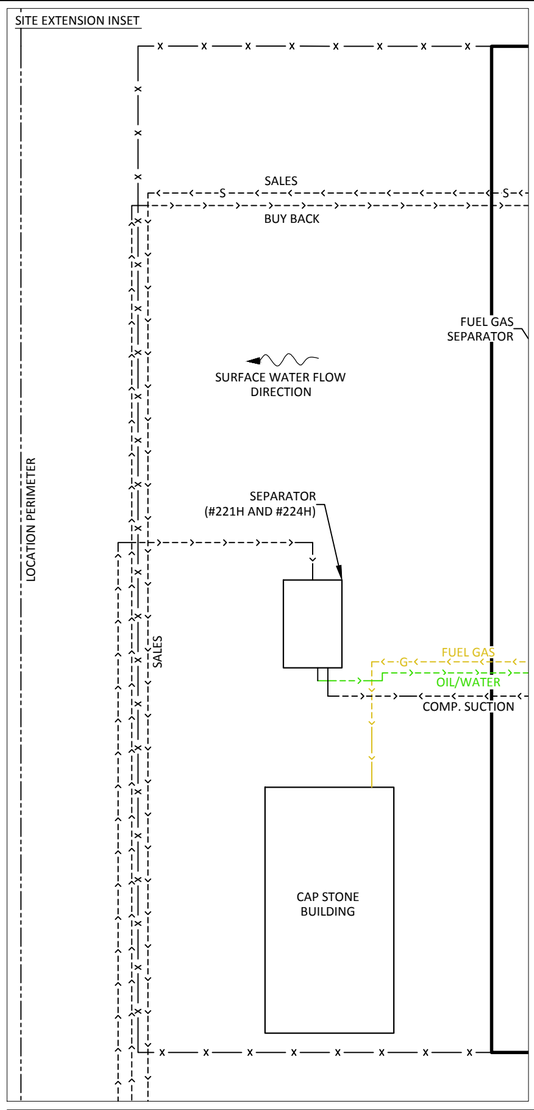
- The coriolis is proved per BLM Onshore Order #4 Measurement of Oil and API MPMS Chapter 4 Proving Systems; with a third party volumetric prover monthly and at initial use. The prover is NIST traceable and water drawn on a bi-annual basis. Monthly proving will continue per the rule, unless a variance is granted by the Division. NMOCD representatives are sent the schedule to witness if desired. The temperature transmitter is verified on a semi-annual basis unless the division requests more frequent verification.

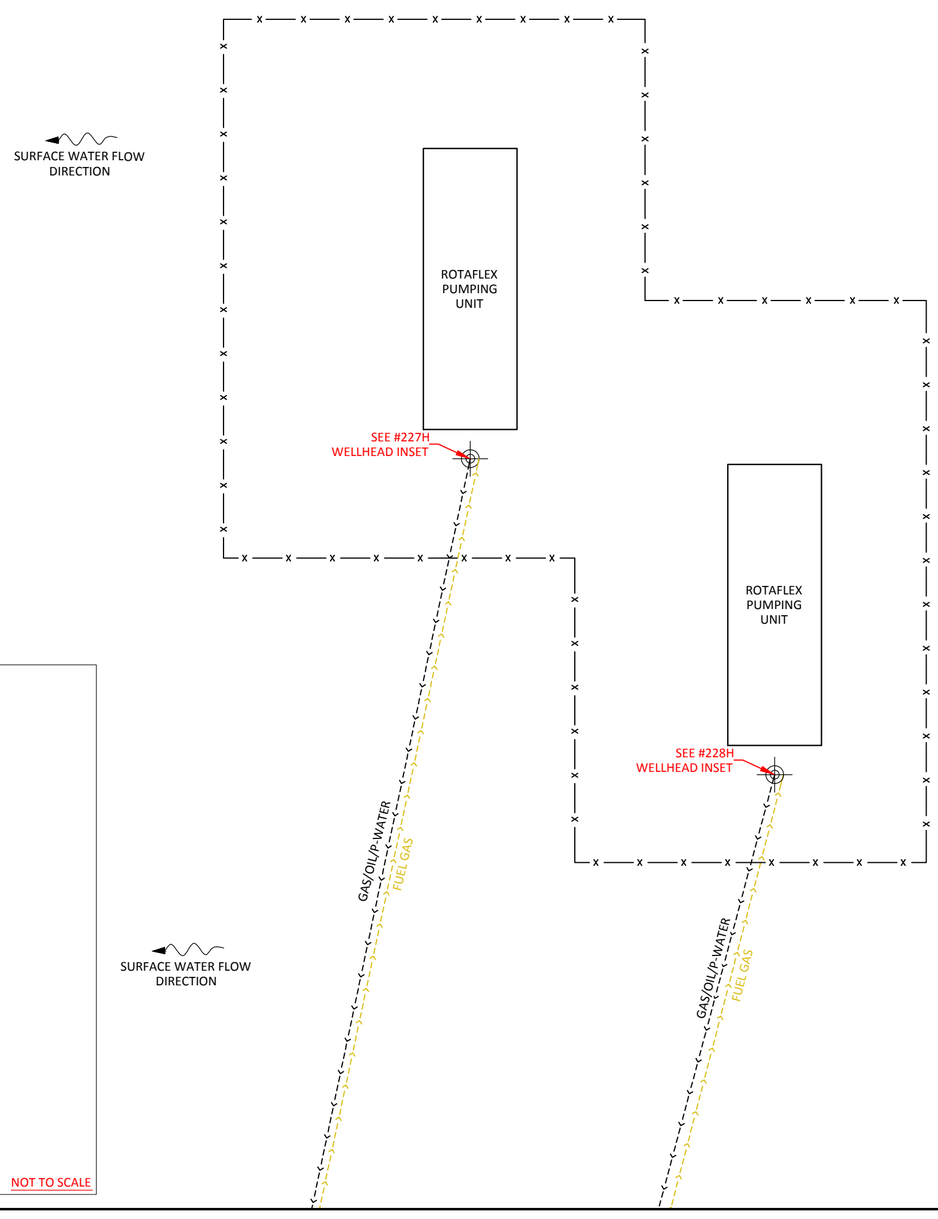
(12) The operator of the ACT system shall check the measuring and recording devices of ACT systems for accuracy at least once each month unless it has obtained an exception to such determination from the division. Where applicable, the operator of the ACT system shall use API standard 1101, Measurement of Petroleum Hydrocarbons by Positive Displacement Meter. Meters may be proved against master meters, portable prover tanks or prover tanks permanently installed on the lease. If the operator of the ACT system uses permanently installed prover tanks, the distance between the opening and closing levels and the provision for determining the opening and closing readings shall be sufficient to detect variations of 5/100 of one percent. The operator of the ACT system shall file reports of determination on the division form entitled "meter test report" or on another acceptable form in duplicate with the appropriate division district office.

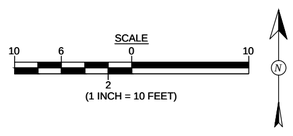
- The coriolis is proved per BLM Onshore Order #4 Measurement of Oil and API MPMS Chapter 4 Proving Systems; with a third party volumetric prover monthly and at initial use. The prover is NIST traceable and water drawn on a bi-annual basis. Monthly proving will continue per the rule, unless a variance is granted by the Division. NMOCD representatives are sent the schedule to witness if desired. The temperature transmitter is verified on a semi-annual basis, unless the division requests more frequent verification.

(13) To obtain an exception to the requirement in Paragraph (12) of Subsection C of 19.15.18.15 NMAC that all measuring and
recording devices be checked for accuracy once each month, either the producer or transporter may file a request with the director setting forth facts pertinent to the exception. The application shall include a history of the average factors previously obtained, both tabulated and plotted on a graph of factors versus time, showing that the particular installation has experienced no erratic drift. The applicant shall also furnish evidence that the other interested party has agreed to the exception. The director may then set the frequency for determination of the system's accuracy at the interval which the director deems prudent.

- NA







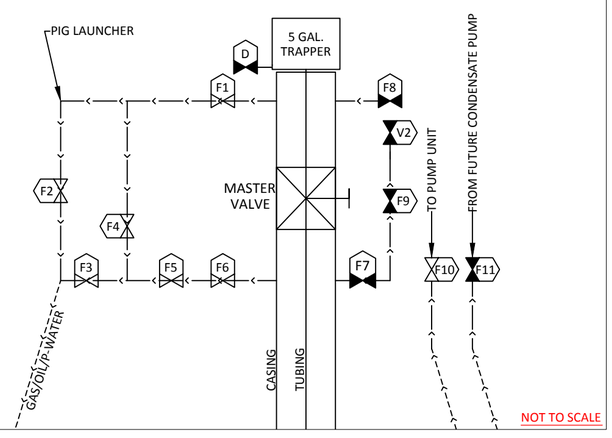
LEGEND

	Well Head	S/T	Storage Tank
	Above Grade Equipment	W/T	Water Tank
	Below Grade Equipment	M/T	Miscellaneous Tank
	Above Ground Piping with Flow	W	Waste
	Below Ground Piping with Flow	D	Drain
	Secondary Containment	F	Fill
	Manifold Piping with Flow	S	Sales
	Valves (Normally Open)	V	Vent
	Valves (Normally Closed)	G	Fuel Gas
	Primary Check Valve	R	Vapor Recovery
	Meter	T	Truck Load
	Electric Overfill Alarm	O	Overflow
H	Heater	E	Equalizer
		B	Tank Gas Blanket On Demand

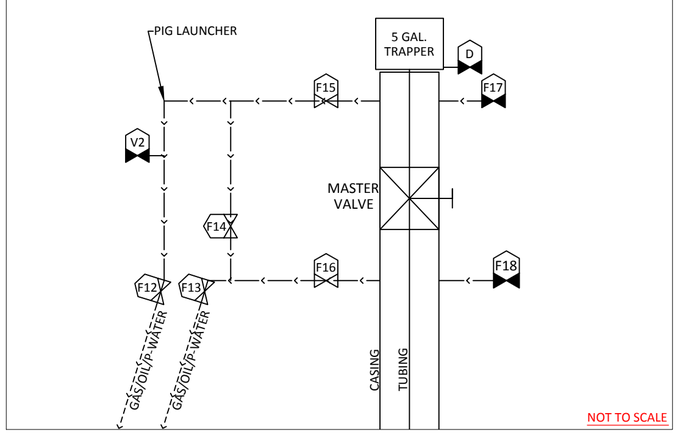
EQUIPMENT AND STORAGE TANK INFORMATION

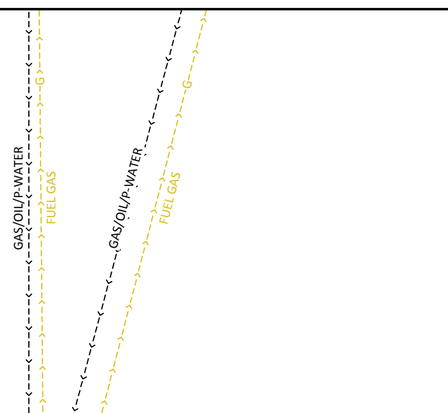
Equipment/Storage Tank ID	Serial No.	Const. Material	Product	Volume & Rate	Dimensions	
					Diameter (ft)	Height (ft)
S/T #1	3004	Steel	Oil	500 bbl	13.5	20
S/T #2	2989	Steel	Oil	500 bbl	13.5	20
S/T #3	3021	Steel	Oil	500 bbl	13.5	20
S/T #4	2988	Steel	Oil	500 bbl	13.5	20
S/T #5	3002	Steel	Oil	500 bbl	13.5	20
S/T #6	2987	Steel	Oil	500 bbl	13.5	20
S/T #7	2991	Steel	P-Water/Oil	500 bbl	13.5	20
S/T #8	3006	Steel	Oil	500 bbl	13.5	20
S/T #9	2992	Steel	Oil	500 bbl	13.5	20
S/T #10	3026	Steel	Oil	500 bbl	13.5	20
S/T #11	130052L	Steel	Condensate	400 bbl	12	20
W/T #1		Steel	P-Water	120 bbl	13.3	5
H.P. Sep. (#228H)	130101A	Steel	Mix		3	20
H.P. Sep. (#227H)	130102A	Steel	Mix		3	20
H.P. Sep. (#225H)	130100A	Steel	Mix		3	20
Fuel Gas Sep.	215187	Steel	Mix		1.33	6
H.P. Sep. (#221H &224H)	214331	Steel	Mix		2	8.3
Vapor Recovery Unit	105425	Steel	Mix		6.5' L x 3.5' W	
#227H Pumping Unit	12 9189	Steel			8' W x 24' L	
#228H Pumping Unit	12 9103	Steel			8' W x 24' L	
Capstone Generators					3 Units	

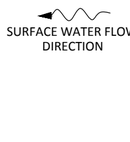
#227H WELLHEAD INSET

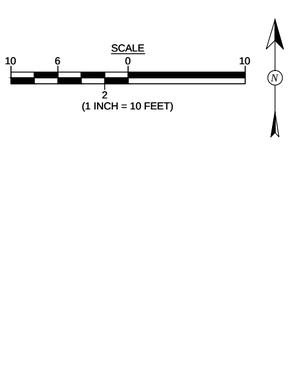


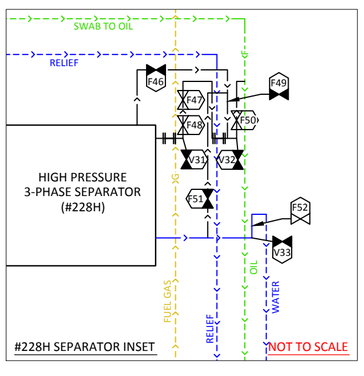
#228H WELLHEAD INSET

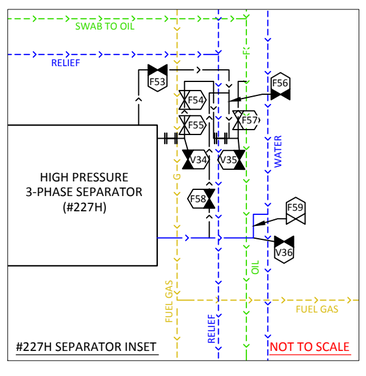


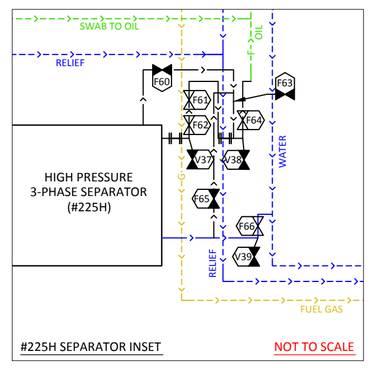












SECONDARY CONTAINMENT PROCESS AREA
85.5' X 85.5' X 1.8'
86,862 GALLONS

SECONDARY CONTAINMENT TANK AREA
112.5' X 85.5' X 1.8'
117,944 GALLONS (551% CONTAINMENT)

SPCC Secondary Containment Calculations - 4 or More Tanks

Site Location:	WPX Chaco 2206-02P #227H/#228H CDP
Date:	4/25/2014
Tank ID:	S/T #1, S/T #2, S/T #3, S/T #4, S/T #5, S/T #6, S/T #7, S/T #8, S/T #9, S/T #10, and S/T #11

1. Calculate Tank Volume

TANK ID:		S/T #1
S/T #1	Tank Height (ft)	20
TANK SHAPE:	Tank Diameter (ft)	13.5
Cylindrical	Tank Area (ft²)	1,135
	Tank Volume (ft³)	2,863
	Tank Volume (gallons)	21,414
	Tank Volume (bbl)	510

2. Calculate Secondary Containment Area

MATERIAL:		
Rigid Steel	Inside Length (ft)	112.5
	Inside Width (ft)	85.5
LINER:	AutoCad / Other Area (ft²)	
Yes, HDPE	Area (ft²)	9,619
SHAPE:		
Rectangular		

3. Calculate Tank Footprint(s) - Do Not Include Largest Tank Within Containment

	Tank ID	S/T #2	S/T #3	S/T #4	S/T #5	S/T #6	S/T #7	S/T #8	S/T #9	S/T #10	S/T #11	W/T-1
BG: Below Grade	Include Tank Footprint?	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no
	Tank Diameter (ft)	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	12	BGT
	Tank Area (ft²)	143	143	143	143	143	143	143	143	143	113	
	Total Tank Area (ft²)	859										

4. Subtract Tank Footprint(s) from Containment Area (Do Not Include Largest Tank)

Berm Area (ft²)	-	Tank Footprint (ft²)	=	Available Containment Area (ft²)
9,619	-	859	=	8,760 ft²

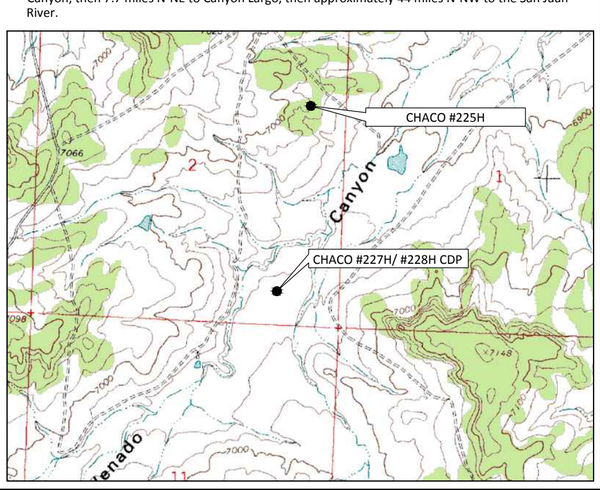
5. Calculate Available Secondary Containment Volume

Available Containment Area (ft²)	X	Existing Height (ft)	=	Available Containment Volume (ft²)
8,760	X	1.80	=	15,768 ft³
			=	117,944 gallons

6. Compare Containment Volume to Largest Tank Volume:

More than 150% containment?	yes
Less than 150% but more than 133% containment?	no
Less than 133% but more than 110% containment?	no
Less than 110% containment?	no
EXISTING CONTAINMENT =	551%

Chaco #227H/#228H CDP drains to the W off of the location, then 690 ft W-NW to Venado Canyon, then 7.7 miles N-NE to Canyon Largo, then approximately 44 miles N-NW to the San Juan River.



I Ross Kennemer, personally examined the referenced location on April 25, 2014.

Certification:
I hereby certify that I, or the person under my supervision, have examined the location, and being familiar with the provision of 40 CFR 112 attest that this drawing, as an attachment to the referenced SPCC Plan, has been prepared in accordance with good engineering practice.

Signature

Registration #

CHACO #227H/#228H CDP

WPX ENERGY
SE¼ SE¼, SECTION 2, T22N, R6W
SANDOVAL COUNTY, NEW MEXICO
N36.16114, W107.43182

Animas Environmental Services, LLC

DRAWN BY: C. Lameman	**DATE DRAWN:** April 28, 2014
REVISIONS BY: C. Lameman	**DATE REVISED:** April 28, 2014
CHECKED BY: R. Kennemer	**DATE CHECKED:** April 28, 2014
APPROVED BY: R. Kennemer	**DATE APPROVED:** April 28, 2014