

District I (575) 393-6761  
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\_Aztec\_NM\_87410 County SanJuan

Lease(s) to be served by this ACT unit L029860001

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

Location of ACT System:

Unit P Section 32 Township 24N Range 08W

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 1<sup>st</sup> Street, Bloomfield, NM 87413

Maximum expected daily through-put for this system: 300 BBL/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 B. ☒ Providing adequate available capacity to receive production  
as required by 19.15.18.15.C(8) NMAC 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

500 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 ☒ 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-Matthew Basye/Production Supervisor

E-mail Address  
matt.basye@wpxenergy.com

Date 5/1/14 Telephone (505) 333-1802

**OIL CONSERVATION DIVISION**

Approved by: Brand Zell

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.

OIL CONS. DIV DIST. 3

MAY 05 2014  
Additional items  
received 7/10/14

- 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.



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

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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

Form C-102  
Revised August 1, 2011

Submit one copy to  
Appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Drive  
Santa Fe, NM 87505

☒ AMENDED REPORT

As Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35441		*Pool Code 47540	*Pool Name NAGEEZI GALLUP
*Property Code	*Property Name CHACO 2408-32P		*Well Number 114H
*GRID No. 120782	*Operator Name WPX ENERGY PRODUCTION, LLC		*Elevation 7017'

<sup>10</sup> 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	32	24N	8W	1203		SOUTH	382	EAST	SAN JUAN

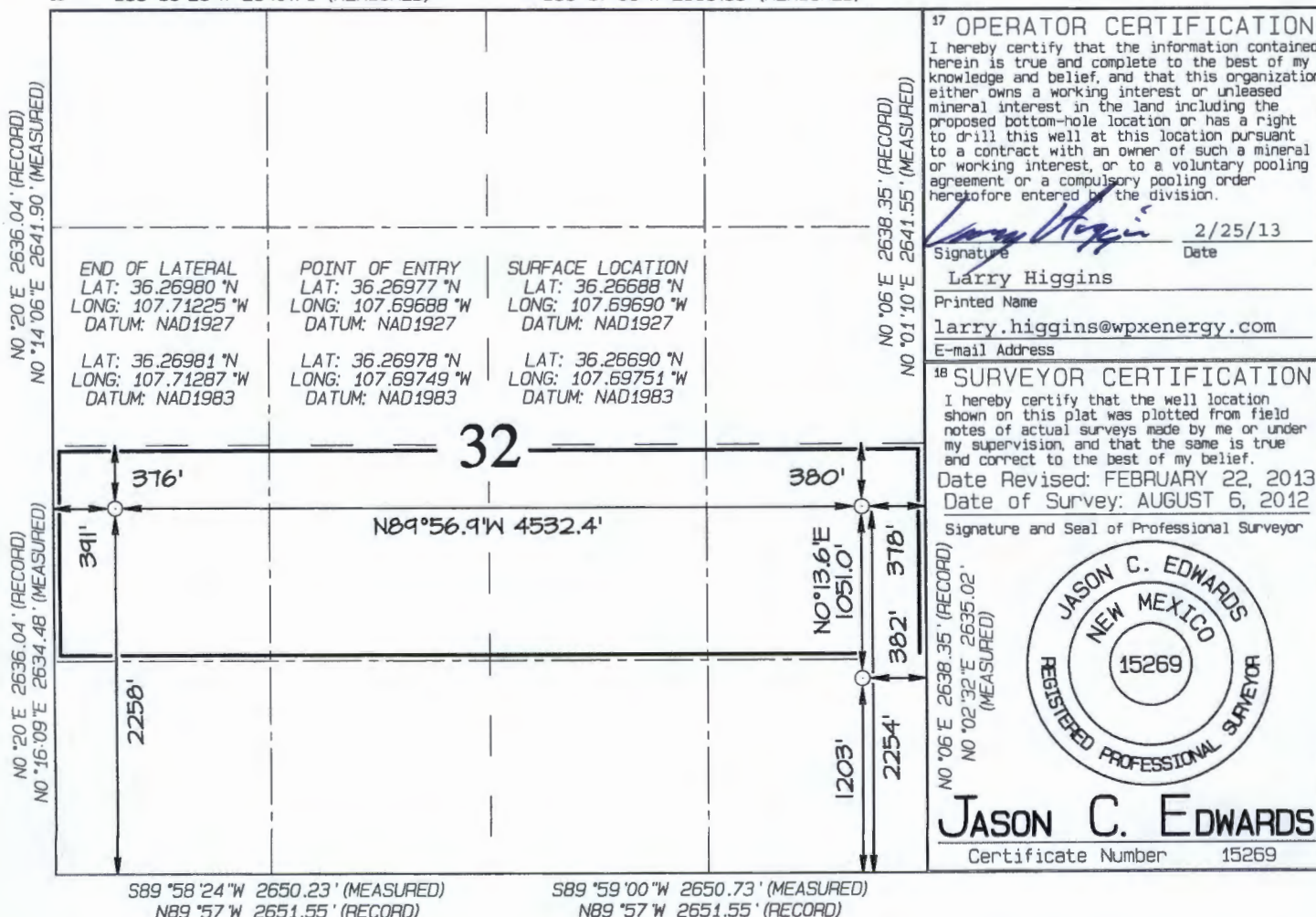
<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	32	24N	8W	2258		SOUTH	391	WEST	SAN JUAN

<sup>12</sup> Dedicated Acres 160.0 Acres - (N/2 S/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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

<sup>16</sup> N89°59'W 2640.99' (RECORD) N89°59'W 2640.99' (RECORD)  
S89°59'28"W 2640.71' (MEASURED) S89°57'36"W 2639.88' (MEASURED)







## Basye, Matt

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**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](mailto: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



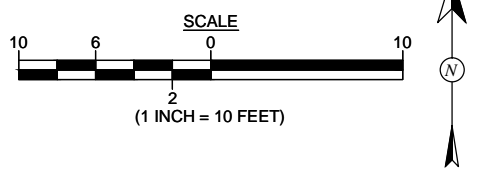
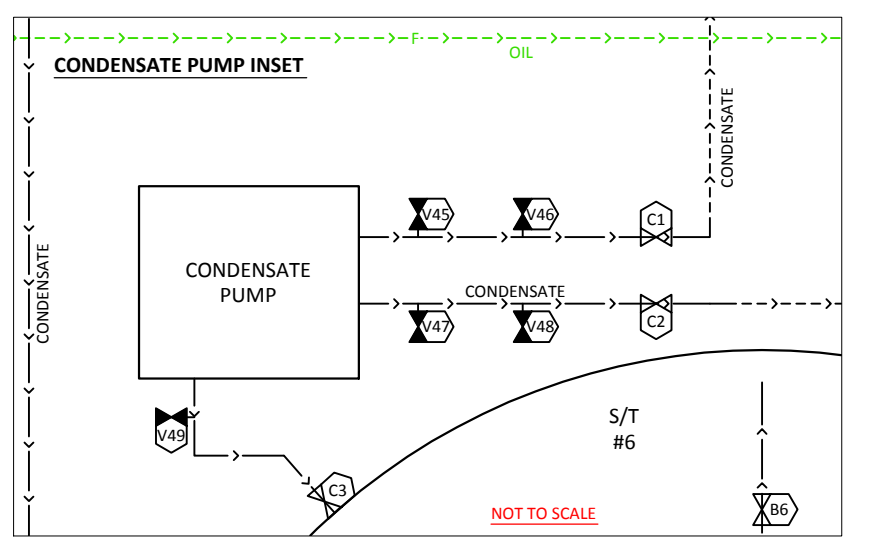
**19.15.18.15.C.** The division shall not approve form C-106 unless the operator of the ACT system will install and operate the ACT system in compliance with the following requirements.

- (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.

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- 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





EQUIPMENT AND STORAGE TANK INFORMATION						
Equipment/Storage Tank ID	Serial No.	Const. Material	Product	Volume & Rate	Dimensions	
					Diameter (ft)	Height (ft)
S/T #1	236623	Steel	Oil	500 bbl	13.3	20
S/T #2	236933	Steel	Oil	500 bbl	13.3	20
S/T #3	23704	Steel	Oil	500 bbl	13.3	20
S/T #4		Steel	Oil	500 bbl	13.3	20
S/T #5	130052-F	Steel	Condensate	400 bbl	13.3	20
S/T #6	23715	Steel	P-Water	500 bbl	13.3	20
S/T #7		Steel	Oil	500 bbl	13.3	20
W/T #1		Steel	P-Water/Oil	120 bbl	13	5
M/T #1		Poly.	Methanol	125 gal.	2.33	3
M/T #2		Steel	Lube Oil	33 gal.	1.5	2.5
M/T #3		Steel	Lube Oil	41 gal.	1.67	2.5
M/T #4		Steel	Lube Oil	264 gal.	3	4
M/T #5		Poly.	Methanol	125 gal.	3	4
M/T #6		Poly.	Solvent	225 gal.	3	4
M/T #7		Steel	Paraffin			
M/T #8		Steel	Lube Oil	17 gal.	1.25	1.83
L.P. Sep.	223163	Steel	Mix		3	12
Fuel Gas Sep.	215188	Steel	Mix		1.33	6
H.P. Sep.	211510	Steel	Mix		2	8.33
H.P. Sep. (#115H)	130103A	Steel	Mix		3	20
Compressor		Steel	Mix		8' W x 20' L	
Recompressor		Steel	Mix		8' W x 20' L	
Vapor Recovery Unit	ET248-01-13	Steel	Mix		4' W x 8' L x 4' H	

Signature \_\_\_\_\_ Registration # \_\_\_\_\_

APPROVED BY:	DATE APPROVED:
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