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

3-5 ACT Permit No.

# NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

OperatorWP	X Ene	ergy Production, LLC			
Address 721 S	. Main	, Aztec, NM 87410			County San Juan
Lease(s) to be se	erved b	by this ACT Unit_ <u>NMNM 110324</u>			
Pool(s) to be ser	ved by	this ACT Unit Basin Mancos			
		em: Unit H Section 24 commingling between leases if more than one			ship 23N Range 8W served by this system.
N/A		Selection of the select	Dat		
Order No. author	rizing	commingling between pools if more than one p	oool is to l	be se	served by this system
N/A			Dat	te	oll CONS. DIV DIST. 3
Authorized trans	sporter	of oil from this system <u>WPXSJB Gatherin</u>	ng, LLC	4	OIL CONS. D. 27 2015
Transporter's add	dress_	3303 North 1st Street, Bloomfield, NM 874	13		West of the Control
If "B" above is c surge tank50 What is the norn	hecked	d, how much storage capacity is available abov BBLS.  ximum unattended time of lease operation?	nanifold or Maximum re the norm	or at t n wel mal l	ell-head shut-in pressure
		ed for measuring oil in this ACT unit?			
CHECK ONE:		Positive displacement meter	ш	V	Weir-type measuring vessel
		Positive volume metering chamber	$\boxtimes$	O	Other; describe <u>Coriolis Meter</u>
Remarks: T	his LA	CT will be selling to pipeline			
C-106 does not running any oil Signature Printed Name & E-mail Address russell.knight@	above and su ordanc elimin of gas Title		Approve Title:	ved b	
Date 10-27					
INSTRUCTION	S: Sub	mit one copy of Form C-106 with following attachm	ients to app	propi	oriate 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.

12

# NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT CHACO 2308-24H #153H/#154H PIPELINE LACT UNIT

### WELLS TO BE SERVED BY PIPELINE LACT UNIT:

- / CHACO 2308-24H #153H / API #30-045-35550 / UNIT H (SE/NE) Sec. 24, T23N, R8W, NMPM
- CHACO 2308-24H #154H / API #30-045-35549 / UNIT H (SE/NE) Sec. 24, T23N, R8W, NMPM
- \( \scalegar{O}\)CHACO 2308-24I \( \pi \)155H \( \) API \( \pi \)30-045-35551 \( \) UNIT I \( \)NE/SE\( \) Sec. 24, T23N, R8W, NMPM
- VCHACO 2308-24I #156H / API #30-045-35548 / UNIT I (NE/SE) Sec. 24, T23N, R8W, NMPM

#### 19.15.18.15 AUTOMATIC CUSTODY TRANSFER EQUIPMENT:

- A. Oil shall be received and measured in facilities of an approved design. The facilities shall permit the testing of each well at reasonable intervals and may be comprised of manually gauged, closed stock tanks for which the operator of the ACT system has prepared proper strapping tables, or of ACT equipment. The division shall permit ACT equipment's use only after the operator complies with the following. The operator shall file with the division form C-106 and receive approval for use of the ACT equipment prior to transferring oil through the ACT system. The carrier shall not accept delivery of oil through the ACT system until the division has approved form C-106.
  - Summary is attached to Form C-106 Notice of Intent to Utilize Automatic Custody Transfer Equipment
- **B.** The operator of the ACT system shall submit form C-106 to the appropriate division district office, which is accompanied by the following:
  - (1) plat of the lease showing all wells that the any well operator will produce into the ACT system;
  - Attached as part of Form C-106 Notice of Intent
- (2) schematic diagram of the ACT equipment, showing on the diagram all major components such as surge tanks and their capacity, extra storage tanks and their capacity, transfer pumps, monitors, reroute valves, treaters, samplers, strainers, air and gas eliminators, back pressure valves and metering devices (indicating type and capacity, *i.e.* whether automatic measuring tank, positive volume metering chamber, weir-type measuring vessel or positive displacement meter); the schematic diagram shall also show means employed to prove the measuring device's accuracy; and
  - Attached as part of Form C-106 Notice of Intent
  - (3) letter from transporter agreeing to utilization of ACT system as shown on schematic diagram.
  - Attached as part of Form C-106 Notice of Intent
- 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 volumetric prover that meets the requirements set forth in Onshore Order #4. 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 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.
  - · Required ports 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 volumetric prover that meets the requirements set forth in Onshore Order #4. The prover is NIST traceable and water drawn on a bi-annual basis. Proving will be consistent with Onshore Order #4, 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 "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 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.
  - · N/A
- (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.
  - N/A 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 <u>Measurement of Oil</u> and API MPMS Chapter 4 <u>Proving Systems</u>; with a volumetric prover that meets the requirements set forth in Onshore Order #4. 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.

- (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 volumetric prover that meets the requirements set forth in Onshore Order #4. 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.
- (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.
  - N/A
- **D.** The division may revoke its approval of an ACT system's form C-106 if the system's operator fails to operate it in compliance with 19.15.18.15 NMAC.

Lease Plat - ACT System SE/NE Sec. 24, T23N, R8W San Juan County, NM

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

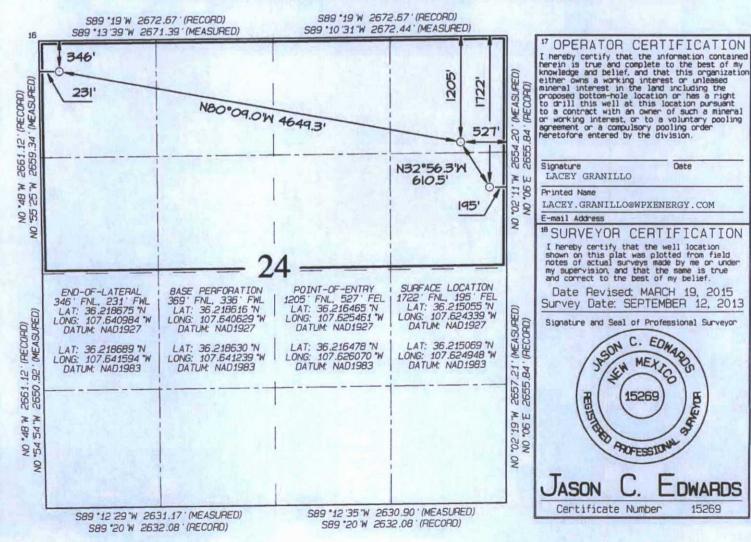
Submit one copy to Appropriate District Office

\_\_\_ AMENDED REPORT

AS DRILLED

# WELL LOCATION AND ACREAGE DEDICATION PLAT

30-045-35	API Numbe			*Pool Coo 97232	The state of the s	POO1 Name BASIN MANCOS				
Property 313712	Code				Properti	11 Number 153H				
'0GRID 1 12078				WPX	*Operator	Name ODUCTION, LL		*Elevation 6894		
	A LIE				10 Surface	Location			DIEVA ST	
UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County	
Н	24	23N	8W		1722	NORTH	195	195 EAST SA		
			11 Botto	m Hole	Location I	f Different	From Surfac	е	11 11 11	
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
D	24	23N	8W		346	NORTH	231	WEST	SAN JUAN	
<sup>12</sup> Dedicated Acres		320.0 /2 - Se	Acres	24	13 Joint or Infill	<sup>14</sup> Consolidation Code	** Order No. NSL-728	1-0		



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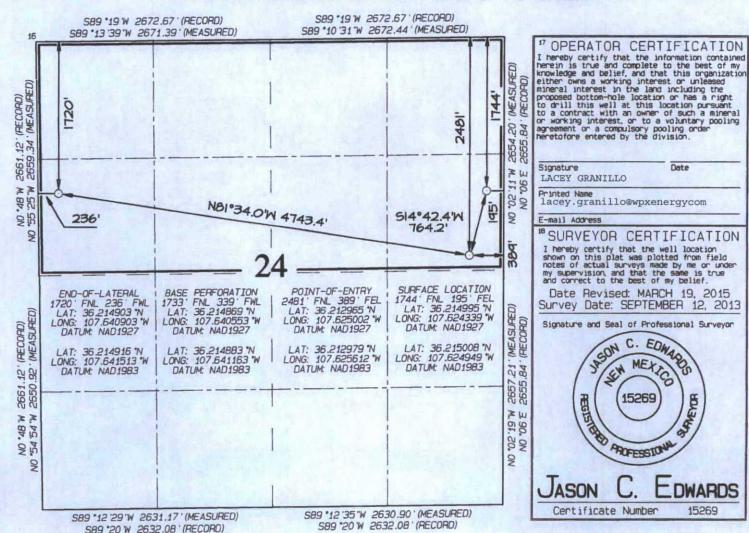
# OIL CONSERVATION DIVISION 1220 South St. Francis Drive Santa Fe, NM 87505

\_\_ AMENDED REPORT

AS DRILLED

# WELL LOCATION AND ACREAGE DEDICATION PLAT

30-045-355	API Numbe	r		*Pool Coo 97232		POOL Name BASIN MANCOS				
'Property 313712	Code				Propert	.,	*Well Number 154H			
'0GRID   12078				WPX	PRINCIPLE SERVICE SERVICES	Operator Name GY PRODUCTION, LLC 6				
	Tal I	11 100		The same	<sup>10</sup> Surface	Location				
UL or lot no.	Section	Township	Range	Lat Idn	Feet from the	North/South line	Feet from the	East/West line	County	
Н	24	23N	8W		1744	NORTH	195	EAST	SAN JUAN	
	777		Botto	m Hole	Location I	f Different	From Surfac	е		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
E	24	23N	8W		1720	NORTH	236	WEST	SAN JUAN	
P Dedicated Acres 320.0 Acres N/2 - Section 24					in Joint or Infill	<sup>14</sup> Consolidation Code	**Order No. NSL - 72	82-0		



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OIL CONSERVATION DIVISION 1220 South St. Francis Drive Santa Fe. NM 87505 Form C-102 Revised August 1, 2011

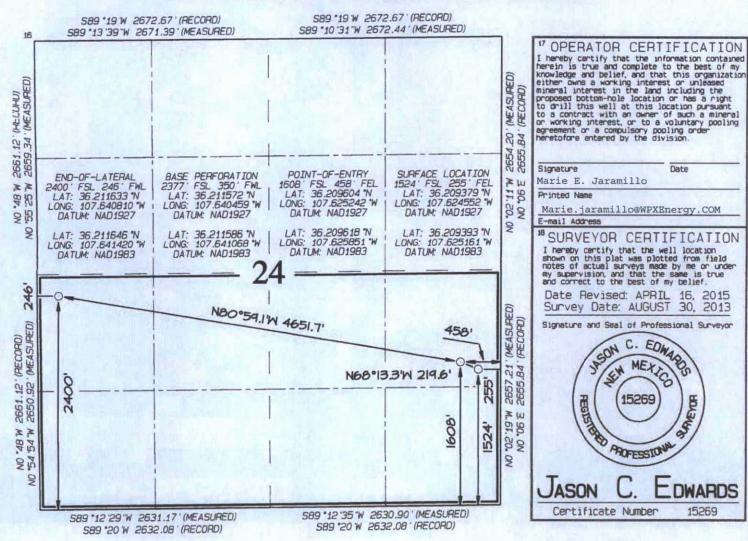
Submit one copy to Appropriate District Office

\_\_ AMENDED REPORT

As Drilled Plat

## WELL LOCATION AND ACREAGE DEDICATION PLAT

30-045-355	API Numbe	r		*Pool Coo 97232		*Pool Name BASIN MANCOS					
*Property Code 313713					*Property Name *Well Number CHACO 2308-24I 155H						
'0GRID 1 12078	STO IN THE			WPX		perator Name  Y PRODUCTION, LLC  6884					
M. Hon					10 Sunface	Location		SARRE			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County		
I	24	23N	8W		1524	SOUTH	255	255 EAST S			
	A James To		1 Botto	m Hole	Location I	f Different	From Surfac	е			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County		
L	24	23N	8W		2400	SOUTH	246	WEST	SAN JUAN		
* Dedicated Acres 320.0 Acres S/2 - Section 24					Daint or Infill	<sup>34</sup> Consolidation Code	order No. NSL-72	284-0			



District I 1625 N. French Drive, Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 E 1811 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

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OIL CONSERVATION DIVISION 1220 South St. Francis Drive Santa Fe, NM 87505 Form C-102 Revised August 1, 2011

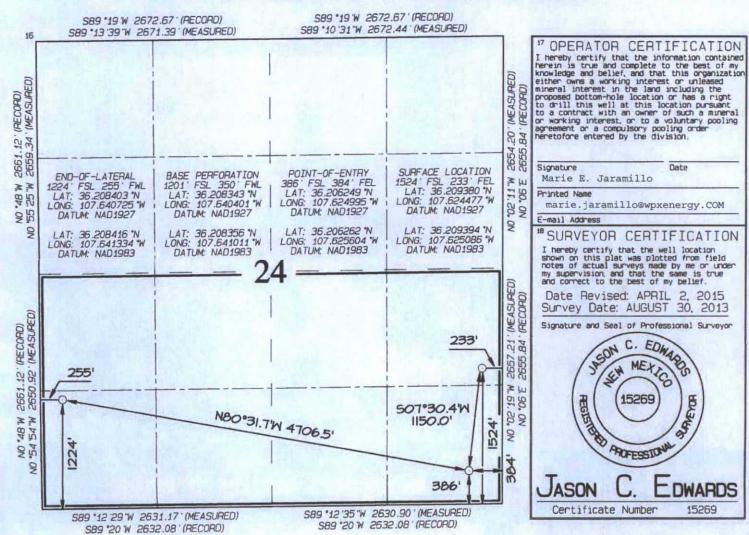
Submit one copy to Appropriate District Office

AMENDED REPORT

As Drilled Plat

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number						*Pool Name BASIN MANCOS					
'Property Code 313713					*Property Name CHACO 2308-24I 156H						
'0GRID 1 12078				WPX		*Operator Name  *Elevati ENERGY PRODUCTION, LLC  6884					
	13.64		MENA		<sup>10</sup> Surface	Location					
UL or lot no.	Section 24	Township 23N	Range BW	Lot Idn	Feet from the 1524	North/South line SOUTH	Feet from the 233	EAST	SAN JUAN		
			1 Botto	m Hole	Location I	f Different	From Surfac	е			
UL or lot no.	Section 24	Township 23N	Range BW	Lot Idn	Feet from the 1224	North/South line SOUTH	Feet from the 255	East/West line WEST	SAN JUAN		
Dedicated Acres 320.0 Acres S/2 - Section 24					S Joint or Infill	<sup>14</sup> Consolidation Code	** Order No. NSL-7283-0	)			

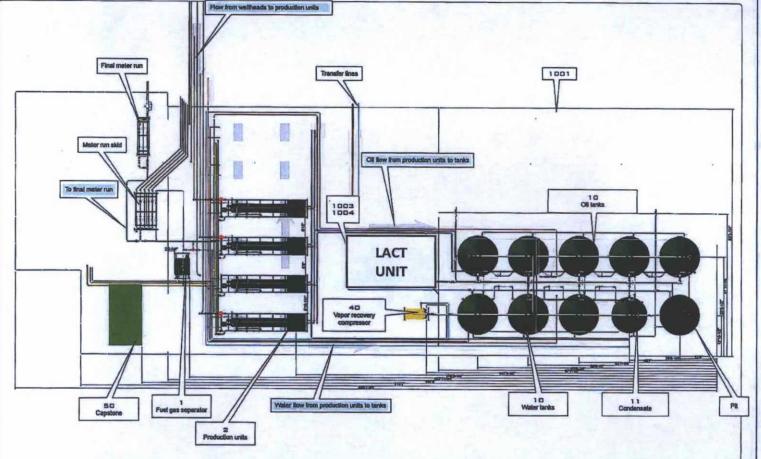












#### Quantigy Engineering & Analytics

317 COMMERCIAL ST NE ALBUQUERQUE, NM 87102 505,632,4763

PYTTENS HODGLING



#### FACILITY LAYOUT

PROJECT WPX\_DHARDS4H-155H-156H

name mylannii Lauranev

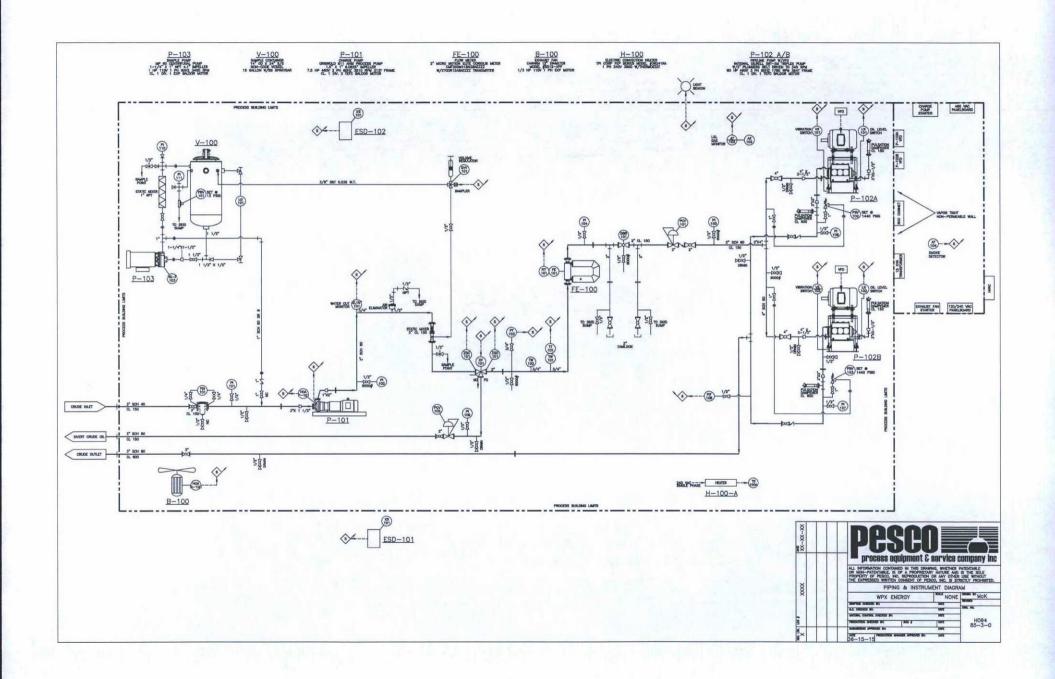
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From: Felix, Andrea
To: Chris Lopez

Cc: Riley, Heather; VanDenBerg, Randy; Knight, Russell; Jordan, Robert; Richardson, Jason; Lepich, Mark

Subject: WPX SJB Gathering: APPROVED Utilization of LACT Units project

Date: Monday, October 26, 2015 10:32:03 AM

Importance: High

WPX SJB Gathering, LLC agrees with the plan of utilizing LACT units on our pipeline system as part of a pilot project with WPX Energy Production, LLC.

We have actively participated in the LACT unit pilot project with WPX Energy Production, LLC on the below listed wells and we 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.

- NE Chaco Com #166H/167H
- Chaco 2308-11A #407H/408H
- Chaco 2308-24H #153H/154H
- Chaco 2308-24I #155H/156H
- MC 2 Com #283H / MC 3 Com #284H / MC 4 Com #285H / MC 4 Com #459H
- Chaco 2307-17H #163H/275H
- Chaco 2308-09A #145H/146H
- Chaco 2308-16I #147H/148H
- Chaco 2308-14E #151H/152H
- Chaco 2308-03E #403H / Chaco 2308-03L #404H/405H
- Chaco 2308-04P #149H/150H/406H
- NW Lybrook UT #131H/237H/289H
- NW Lybrook UT 132H
- NW Lybrook UT #133H/134H

If you have any questions please feel free to contact me.

Thank you,

#### Andrea Felix, RWA

Regulatory Specialist Sr. WPX SJB Gathering, LLC Office: 505-333-1849 Cell: 505-386-8205

WPXENERGY.

From: Chris Lopez [mailto:chrislopez@eis-llc.com]

Sent: Monday, October 19, 2015 4:09 PM