District*! (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

Form C-106 Revised August 1, 2011

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

ACT Permit No.

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

1,01						
Operator	WPX Energy Production, LLC	-				
Address	721 S. Main, Aztec, NM 87410		County	San	Juan	
Lease(s) to be se	erved by this ACT UnitL029860001					
Pool(s) to be serv	ved by this ACT Unit <u>Nageezi Gallup</u>			(,
	System: Unit P Section 32 rizing commingling between leases if more than one leases				Range	<u>8W</u>
NA		Date				
Order No. author	rizing commingling between pools if more than one po	ool is to be	served by this	system		
<u>N/A</u>	3	Date			OIL CONS. I	DIV DIST. 3
Authorized trans	porter of oil from this system Whiptail Midstr	ream, LLC			DEC 1	2 2016
Transporter's add	dress 15 West 6th Street, Tulsa, OK 74119				DEC 1	2 2010
•		BBL/Day				
	as required by 19.15.18.15.C(8) NMAC	during max 19.15.18.1	adequate availa cimum unattend 5.C(9) NMAC at the wellhead	ded time of		
	M	laximum w	ell-head shut-	in pressur	e	
If "B" above is c	hecked, how much storage capacity is available above				no.	27
surge tank	500 BBLS.					
What is the norm	nal maximum unattended time of lease operation?	Sixtee	n (16)			Hours.
What device will CHECK ONE:	be used for measuring oil in this ACT unit? Positive displacement meter	П	Wair time me	ocuring v	accal	
CHECK ONE:	Positive displacement meter		Weir-type me	asuring v	essei	
	Positive volume metering chamber	\boxtimes	Other; describ	e <u>Cori</u>	olis Meter	
Remarks:	This LACT will be selling to pipeline.					
my knowledge operated in according Form C-106 does not running any oil Signature Printed Name &	above information is true and complete to best of and subject ACT system will be installed and ordance with Rule 19.15.18.15 NMAC. Approval of		NSERVAT by: Break L+E Sup		- ,	
Date	Telephone (505) 333-1801					

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.



NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT Chaco 2408-32P #114H and #115 PIPELINE LACT UNIT

WELLS TO BE SERVED BY PIPELINE LACT UNIT:

- Chaco 2408-32P #114H / API #30-045-35441 / UNIT P (SE/SE) Sec. 32, T24N, R8W, NMPM
- Chaco 2408-32P #115H / API #30-045-35491 / UNIT P (SE/SE) Sec. 32, T24N, R8W, NMPM

19.15.18.15 AUTOMATIC CUSTODY TRANSFER EQUIPMENT:

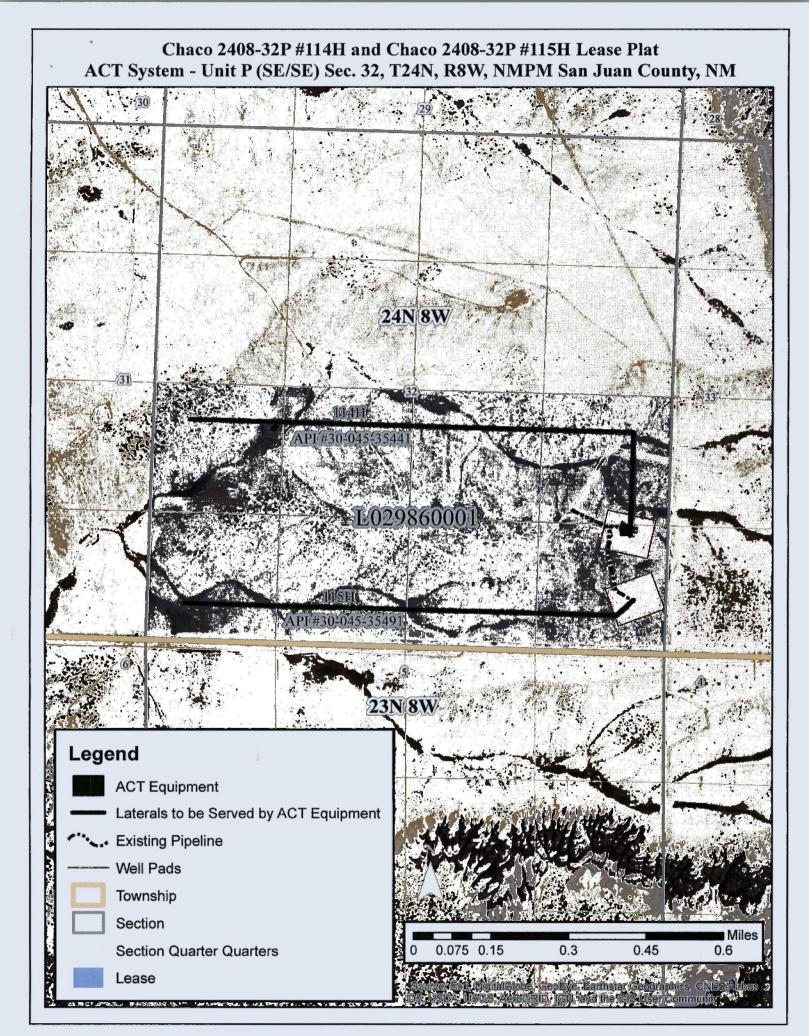
- A. Oil shall be received and measured in facilities of an approved design. The facilities shall permit the testing of each well at reasonable intervals and may be comprised of manually gauged, closed stock tanks for which the operator of the ACT system has prepared proper strapping tables, or of ACT 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 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.

- (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.



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

N89 °57 W 2651.55 (RECORD)

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised August 1, 2011

Submit one copy to Appropriate District Office

X AMENDED REPORT
As Drilled

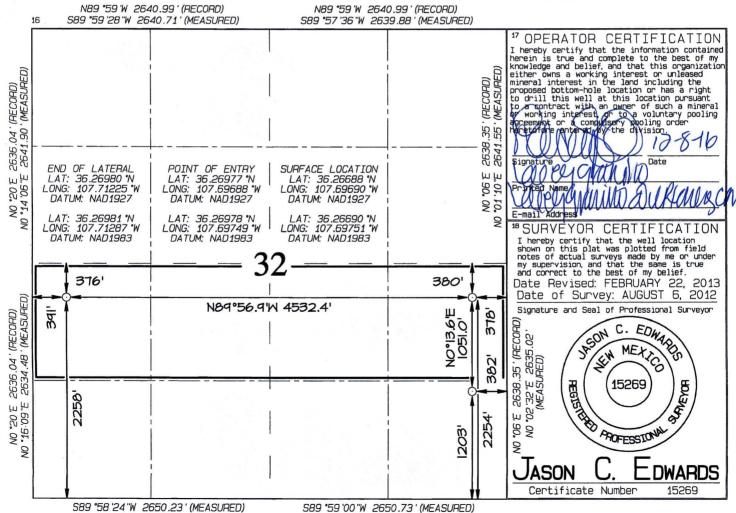
OIL CONSERVATION DIVISION 1220 South St. Francis Drive Santa Fe, NM 87505

	WELL	LOCATION	AND	ACREAGE	DEDICATION	PLAT
--	------	----------	-----	----------------	------------	------

¹API Number	²Pool Code	³Pool Name			
30-045-35441 47540		NAGEEZI GALLUP			
⁴ Property Code 39590		operty Name) 2408–32P	⁵ Well Number 114H		
'OGRID №. 120782		rator Name PRODUCTION, LLC	°Elevation 7017'		
	10 Sup f	ace Location			

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Р	32	24N	8W		1203	SOUTH	382	EAST	SAN JUAN
			11 Botto	m Hole	Location I	f Different N	From Surfac	е	
UL or lat 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
¹² Dedicated Acres		Acres -	- (N/2	5/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

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



N89 *57 W 2651.55 ' (RECORD)

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

Revised August 1, 2011

Submit one copy to Appropriate District Office

AMENDED REPORT

AS-DRILLED

Form C-102

OIL CONSERVATION DIVISION

1220 South St. Francis Drive Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number 30-045-35491		*Pool Code 47540	e ALLUP			
*Property Code 39590	т.		operty Name 0 2408-32P		6	Well Number
'OGRID No. 120782			PRODUCTION, LLC			Elevation 7035
or lot on Section	Township	10 Surf	ace Location	Foot from the	Fact/West line	County

24N SOUTH 32 8W 537 329 EAST SAN JUAN Bottom Hole Location If Different From Surface UL or lot no. Township Lot Idn North/South line Feet from the East/West line County Feet from the 32 8W 363 SOUTH 230 WEST SAN JUAN 24N

160.0 Acres - (S/2 S/2) NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED

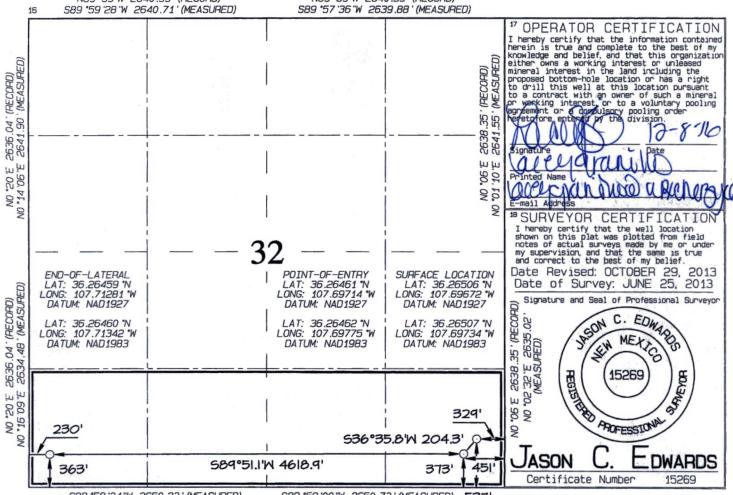
13 Joint or Infill

OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION N89 °59 W 2640.99 ' (RECORD)

N89 *59 W 2640.99 '(RECORD) S89 *57 '36 "W 2639.88 ' (MEASURED)

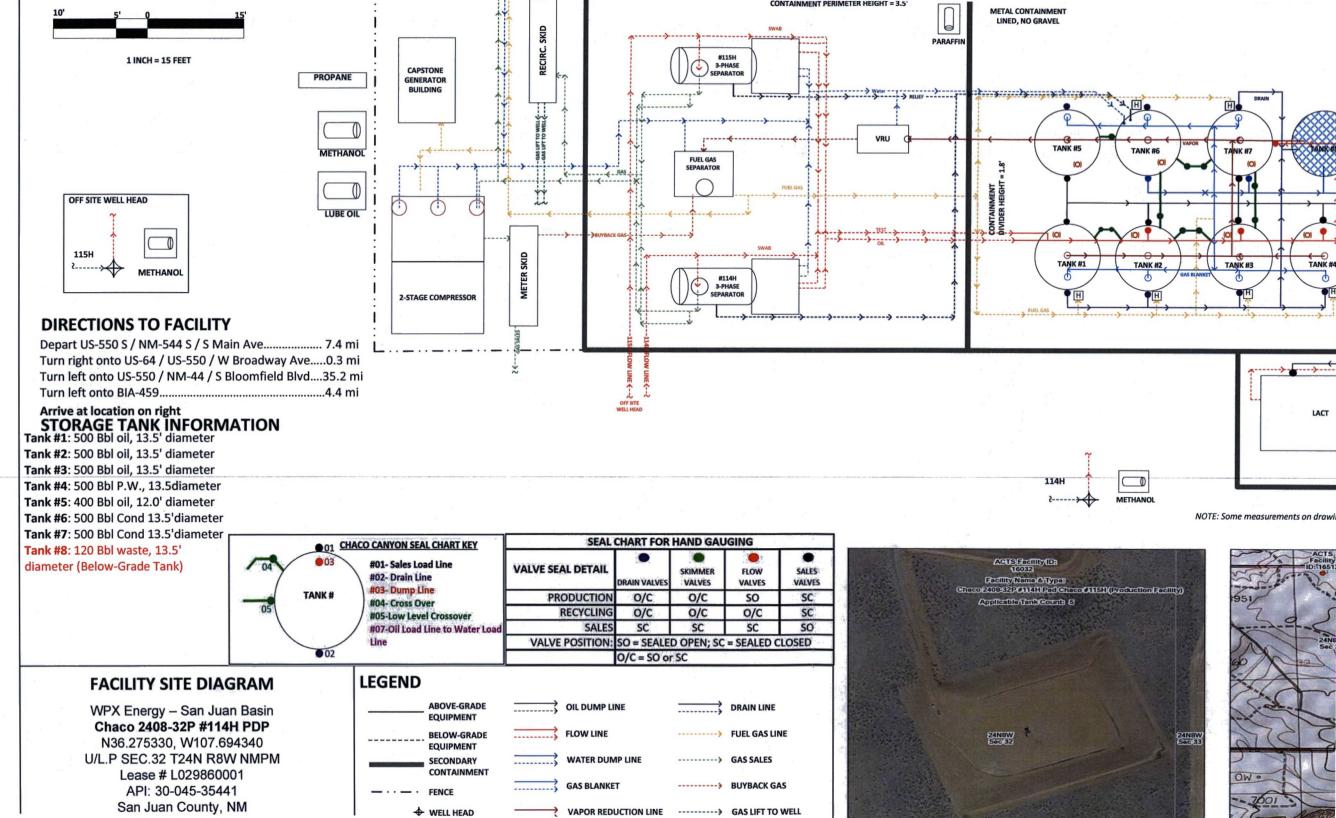
¹⁴ Consolidation Code

15 Order No.



S89 °58 '24 "W 2650.23' (MEASURED) N89 °57 W 2651.55 ' (RECORD)

SB9 °59 '00 "W 2650.73 ' (MEASURED) N89 °57 W 2651.55 '(RECORD)



Casey Haga

Ernie Johnson <ernie.johnson@whiptailmidstream.com> From:

Sent: Wednesday, December 07, 2016 11:51 AM

To: Felix, Andrea

Riley, Heather; Casey Haga; Jordan, Robert; Jude Dysart Cc:

RE: Whiptail Midstream Pipeline LACT Unit Approval Subject:

Andrea,

Whiptail Midstream, LLC agrees to WPX utilizing Pipeline Transfer LACT units as the sales points at, the below listed, well pad locations.

Regards,

Ernie Johnson

HSE Manager Whiptail Midstream 0: (918) 289-2147 ernie.johnson@whiptailmidstream.com



From: Felix, Andrea [mailto:Andrea.Felix@wpxenergy.com]

Sent: Tuesday, December 6, 2016 4:51 PM

To: Ernie Johnson <ernie.johnson@whiptailmidstream.com>

Cc: Riley, Heather < Heather. Riley@wpxenergy.com >; Casey Haga < caseyhaga@eis-llc.com >; Jordan, Robert

<Robert.Jordan@wpxenergy.com>

Subject: Whiptail Midstream Pipeline LACT Unit Approval

Hi Ernie,

WPX Energy Production, LLC is planning to place Pipeline Transfer LACT units to serve the wells listed below. As part of the C-106 application to the NMOCD Aztec office, WPX needs a statement from Whiptail Midstream, LLC agreeing to the utilization of the Pipeline Transfer LACT units as the sales point at the well pad locations hosting the below listed wells. If Whiptail Midstream, LLC agrees to WPX utilizing Pipeline Transfer LACT units at the locations, please reply to this email with your concurrence.

- MC 5 COM #112H
- MC 5 COM #113H
- MC 5 COM #119H
- MC 5 COM #906H
- Chaco 2408-32P #114H
- Chaco 2408-32P #115H
- MC 1 COM #282H
- MC 1 COM #458H

If you have any questions or need additional information please feel free to let me know.