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 <u>District IV</u> (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. 3-29

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Operator	WPX Energy Production, LLC		
Address	721 S. Main, Aztec, NM 87410	County <u>San Juan</u>	
Lease(s) to be set	rved by this ACT Unit: NMNM-135217A (N	V Escavada Unit)	
		Mancos Pool (98172)	
Location of ACT Order No. author	System: Unit I Section 10 rizing commingling between leases if more than one 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10 10		<u>7W</u>
<u>R-14080</u>		Date <u>11/17/2015</u>	-
Order No. author	rizing commingling between pools if more than one	pool is to be served by this system	
<u>N/A</u>		DateN/A	
Authorized trans	porter of oil from this systemWestern Refin	ning, Inc. Oll Course	
Transporter's add	lress3303 N 1st Street, Bloomfield, NM 874	ning, Inc. 13 BBL/Day Dy overflow will be averted by: Providing adequate available capacity to receive r	VIV DIST .
Maximum expect	ted daily through-put for this system: 6,000	BBL/Day AUG 21	200
	transfer oil due to malfunction or otherwise, waste b	by overflow will be averted by:	2017
		Providing adequate available capacity to receive p	production
	as required by 19.15.18.15.C(8) NMAC	during maximum unattended time of lease operati	on
		19.15.18.15.C(9) NMAC	
If "A" above is cl	hecked, will flowing wells be shut-in at the header n	nanifold or at the wellhead?	
	NA	Maximum well-head shut-in pressure N/	<u>A</u>
If "B" above is cl	hecked, how much storage capacity is available abov	ve the normal high working level of the	
surge tank	450 BBLS.		
	al maximum unattended time of lease operation?	Sixteen (16)	Hours.
What device will	be used for measuring oil in this ACT unit?	and a star second	
CHECK ONE:	Positive displacement meter	Weir-type measuring vessel	
	Positive volume metering chamber	Other; describe <u>Coriolis Meter</u>	
Remarks:	This LACT will be selling to pipeline.		
OPERATOR	2.	OIL CONSERVATION DIVISION	
		OIL CONSERVATION DIVISION	
my knowledge a	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		
operated in acco this Form	ordance with Rule 19.15.18.15 NMAC. Approval of		
C-106 does not	eliminate necessity of an approved C-104 prior to	I I Par DI	
running any oil	or gas from this system.	Approved by: Brand Fell	
Signature	1 ASC	Title:	
Printed Name &	Title Robert Jordan, Production Senior Foreman	Date: 8/23/17	
E-mail Address	robert.jordan@wpxenergy.com		
Date 8-18			
INSTRUCTIONS	S: Submit one copy of Form C-106 with following attaching	nents to appropriate district office	

app

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 N ESCAVADA UNIT 313H, 314H, 328H, & 329H PIPELINE LACT UNIT

WELLS TO BE SERVED BY PIPELINE LACT UNIT:

- N Escavada Unit 313H / API #30-043-21284 / UNIT I (NE/SE) Sec. 10, T22N, R7W, NMPM
- N Escavada Unit 314H / API #30-043-21285 / UNIT I (NE/SE) Sec. 10, T22N, R7W, NMPM
- N Escavada Unit 328H / API #30-043-21286 / UNIT I (NE/SE) Sec. 10, T22N, R7W, NMPM
- N Escavada Unit 329H / API #30-043-21287 / UNIT I (NE/SE) Sec. 10, T22N, R7W, 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 <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 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 <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. 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 <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 semiannual 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.

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NEU 329 Pad Lease Plat Map San Juan County, NM

Scale (absolute) -1:30,000 Well Pad
Approved Unit

Laterals

Updated: 6/1/2017 By rwinkler Document Path: S:\GIS\Projects\LACTapplications_RBW_170306\LACTapps_RBW_17306.mxd

Ďistrict 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

Form 2 102 Revised August 1, 2011

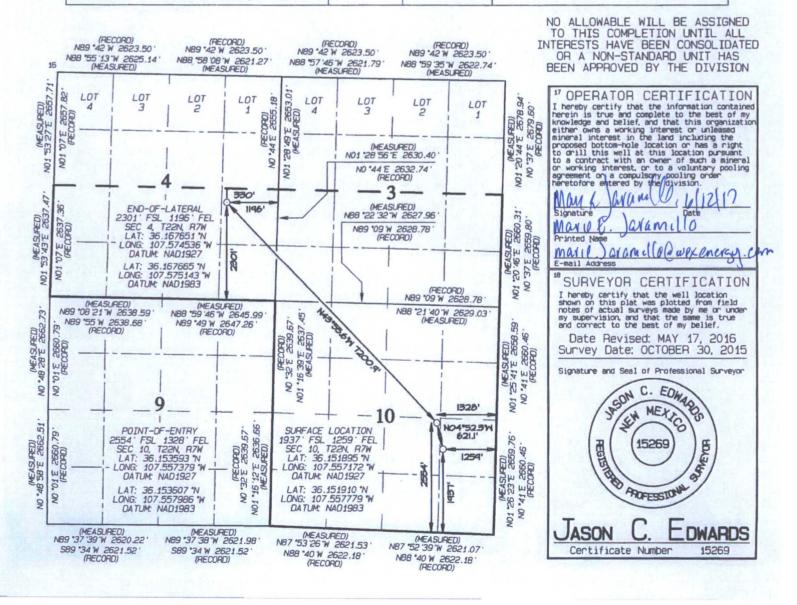
Submit one copy to Appropriate District Office

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT Pool Name Pool Code APT Number 30-043-21284 98172 NORTH ESCAVADA UNIT: MANCOS POOL Property Code Well Number Property Name 316006 N ESCAVADA Unit 313H OGRID No. Flevation Operator Name 120782 WPX ENERGY PRODUCTION, LLC 6944 ¹⁰ Surface Location UL or lot no Sect ion Lot Idn Feet from the North/South line County East/West line Feet from the 22N Ι 10 7W 1259 1937 SOUTH EAST SANDOVAL

			¹¹ Botto	m Hole	Location 1	If Different	From Surfac	e	
UL or lot no. I	Section	Township 22N	Range 7W	Lot Idn	Feet from the 2301	North/South line SOUTH	Feet from the 1196	East/West line EAST	County SANDOVAL
¹² Dedicated Acres 1280.0	Acres 5/2 Sections 3 & 4				¹³ Joint or Infill	¹⁴ Consolidation Code	Idet Ion Code ^{# Order No.} R-14080		



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

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

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NO *48 28 E 2662.73

(MEASURED) -48 58 E 2662.51

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State of New Mexico Energy, Minerals & Natural Resources Department

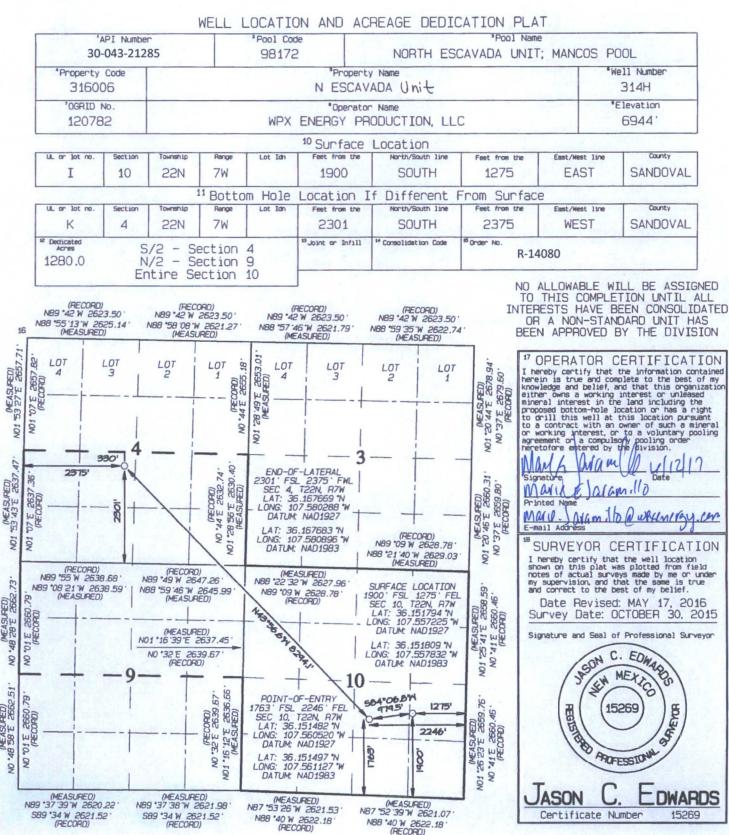
Revised August 1, 2011

Form C-102

Submit one copy to Appropriate District Office

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

AMENDED REPORT



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

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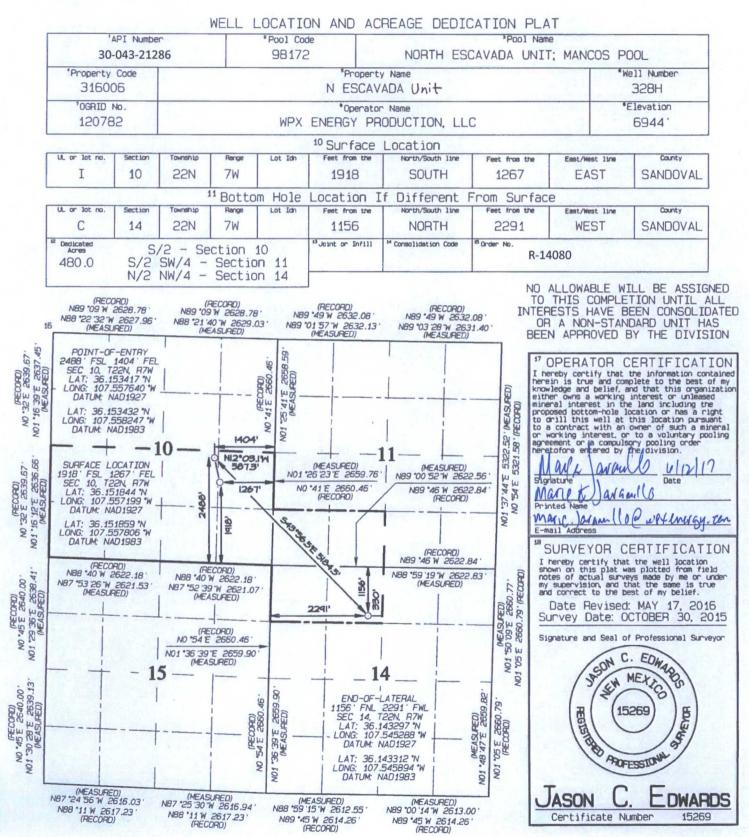
State of New Mexico Energy, Minerals & Natural Resources Department

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



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

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State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised August 1, 2011

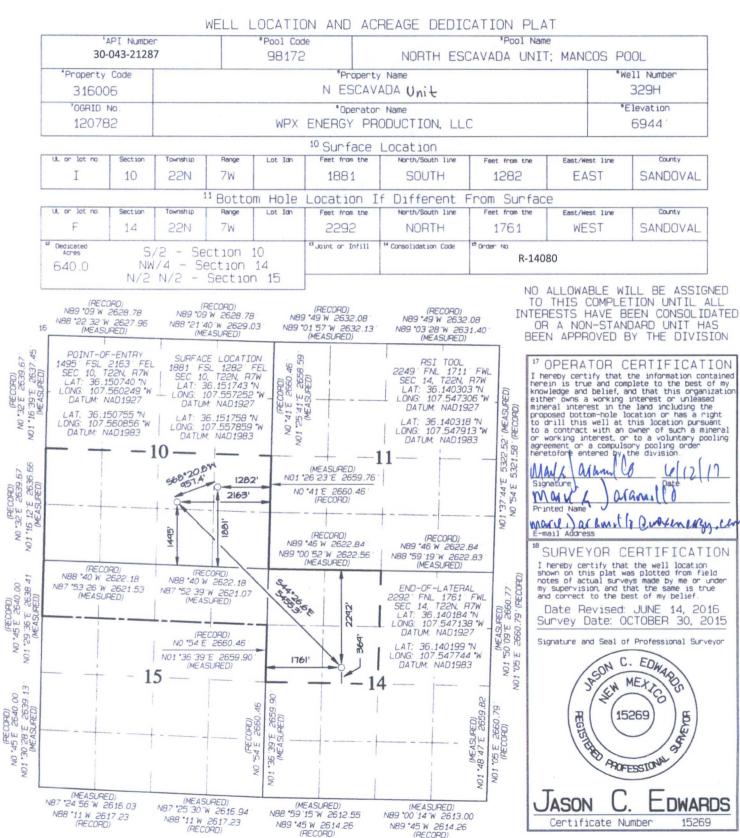
Submit one copy to Appropriate District Office

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

AMENDED REPORT

Certificate Number

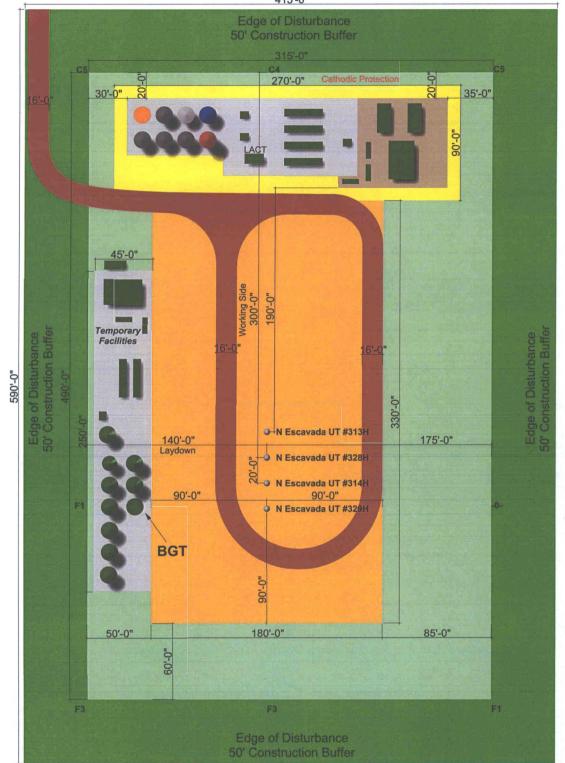
15269



N89 *45 W 2614.26 (RECORD)

N89 *45 W 2614.26 (RECORD)

WPX Energy Production, LLC N Escavada Unit 313H, 314H, 328H & 329H Permanent Facilities Diagram Section 10, T22N, R7W, NMPM Sandoval County, New Mexico 415'-0"



Temporary Facilities would remain on location and in operation until Permanent Facilities are complete. Upon production through Permanent Facilities, the Temporary Facilities would be removed.



N Escavada Unit 314H 1,900' FSL & 1,275' FEL API # 30-043-21285

N Escavada Unit 329H 1,881' FSL & 1,282' FEL API # 30-043-21287



Casey Haga

From: Sent: To: Subject: Felix, Andrea <Andrea.Felix@wpxenergy.com> Monday, August 21, 2017 7:10 AM 'Casey Haga' FW: [EXTERNAL] RE: C-106

From: Bloom, Leonard G [mailto:Leonard.G.Bloom@andeavor.com]
Sent: Friday, August 18, 2017 5:00 PM
To: Felix, Andrea <Andrea.Felix@wpxenergy.com>; Milton, Lynn H <Lynn.H.Milton@andeavor.com>; Ping, Brad
<Brad.Ping@wnr.com>
Cc: Clark, Trenton <Trenton.Clark@wpxenergy.com>; Hacker, Darren <Darren.Hacker@wpxenergy.com>
Subject: RE: [EXTERNAL] RE: C-106

Andrea, Western agrees the Lact unit and location as supplied by WPX will be the sales point for this connection.

Leonard G. Bloom Vice President, Pipeline Operations



1250 W. Washington Street Tempe, Arizona 85281

915-534-1455 (direct) 602-286-1559 (Tempe) 915-526-6031 (mobile) Leonard.G.Bloom@andeavor.com www.andv.com

From: Felix, Andrea [mailto:Andrea.Felix@wpxenergy.com]
Sent: Friday, August 18, 2017 4:43 PM
To: Bloom, Leonard G <<u>Leonard.G.Bloom@andeavor.com</u>>
Cc: Clark, Trenton <<u>Trenton.Clark@wpxenergy.com</u>>; Hacker, Darren <<u>Darren.Hacker@wpxenergy.com</u>>
Subject: Re: [EXTERNAL] RE: C-106

The email went to Brad and Lynn, all we need is a reply back from Western agreeing to the LACT sales point. There is no form needing signature.

I will forward that email to you now Leonard.

Thanks,

Andrea Felix, RWA Regulatory & Support Team Lead WPX Energy On Aug 18, 2017, at 4:28 PM, Bloom, Leonard G < Leonard.G.Bloom@andeavor.com > wrote:

CAUTION: This email was sent from an EXTERNAL source. Use caution when clicking links or opening attachments.

Trent, I have NOT received the form. I thought Andrea was going to send something for me to approve? If I miss understood let me know. I did check with Brad Ping and he has not received the C-106 form.

Thanks Leonard.

ę

From: Clark, Trenton [mailto:Trenton.Clark@wpxenergy.com]
Sent: Friday, August 18, 2017 3:32 PM
To: Bloom, Leonard G <<u>Leonard.G.Bloom@andeavor.com</u>>
Cc: Hacker, Darren <<u>Darren.Hacker@wpxenergy.com</u>>; Felix, Andrea <<u>Andrea.Felix@wpxenergy.com</u>>
Subject: C-106

Leonard

We didn't receive the approval letter from your guys that was needed in order for us to file the C-106. We were thinking that was all ironed out on the call this morning. Can you please follow up on that for us so we can get the state approval to flow oil?

Thanks

Trent Clark - WPX Energy Marketing LLC 3500 One Williams Center 34NW 539 573 7967 Desk 918 691 3041 Cell

