Oil Conservation Division 1220 South St. Francis Dr.

Santa Fe, NM 87505

ACT Permit No.

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

County San Juan
Escavada Unit) (52860)
Township <u>22N</u> Range <u>6W</u> lease is to be served by this system.
Date 5/15/2017
pool is to be served by this system
Date <u>N/A</u>
bleum_(FKA Western Refining Company)
BBL/Day by overflow will be averted by: Providing adequate available capacity to receive production during maximum unattended time of lease operation 19.15.18.15.C(9) NMAC manifold or at the wellhead? Maximum well-head shut-in pressure <u>N/A</u>
ve the normal high working level of the
Sixteen (16) Hours.
Other; describe <u>Coriolis Meter</u>
OIL CONSERVATION DIVISION Approved by: Dean R Milline Title: Petroleum Engineer

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 S ESCAVADA UNIT 359H/360H/368H/370H/371H PIPELINE LACT UNIT:

WELLS TO BE SERVED BY PIPELINE LACT UNIT:

- S ESCAVADA UNIT 359H/ API # 30-043-21329/ UNIT A Sec. 30, T22N, R6W, NMPM
- S ESCAVADA UNIT 360H/ API # 30-043-21330/ UNIT A Sec. 30, T22N, R7W, NMPM
- S ESCAVADA UNIT 368H/ API # 30-043-21331/ UNIT C Sec. 29, T22N, R6W, NMPM
- S ESCAVADA UNIT 370H/ API # 30-043-21332/ UNIT C Sec. 29, T22N, R6W, NMPM
- S ESCAVADA UNIT 371H/ API # 30-043-21346/ UNIT C Sec. 29, T22N, R6W, 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.



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

(HECORD) No1 "05"E 2660.79

(HECOAD) NO "35 E 2660.46 NO1"19"27"E 2659.97 (NEASURED)

(MEASURED) No1 *19 28 "E 2659.97

24

(MEASURED) ? "35 '35'E 2662.2

20N

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

15269

Certificate Number

WELL LOCATION AND ACREAGE DEDICATION PLAT API Number ²Pool Code Pool Name 52860 RUSTY GALLUP OIL POOL 30-043-21329 Property Code Well Number Property Name 322151 S ESCAVADA UNIT 359H OGRID No. Operator Name Elevation 372286 ENDURING RESOURCES, LLC 6906 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 Δ 30 22N 6W 51 NORTH 1021 EAST SANDOVAL ¹¹ Bottom Hole Location If Different From Surface UL or lot no. Range North/South line Section Township Lat Idn Feet from the Feet from the East/West line County 13 22N 7W 335 SOUTH 2262 EAST SANDOVAL. ¹² Dedicated Acres 15 Order No. 13 Joint or Infill 14 Consolidation Code SW/4 SE/4 - Section 13 361.28 R-14347 SW/4 NW/4, N/2 SW/4 SE/4 SW/4, SW/4 SE/4 -Section 19 N/2 NE/4, SE/4 NE/4 _ Section 24 NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL R-7-W INTERESTS HAVE BEEN CONSOLIDATED P-6-LOT 2 OR A NON-STANDARD UNIT HAS 16 BEEN APPROVED BY THE DIVISION 13 18 (MEASURED) NB9 °17 '55 ''W 2607.73 LOT N01 *48 47 "E 2659.82 ' (MEASURED) END-OF-LATERAL 335' FSL 2262' FEL SEC 13, T22N, R7W LAT: 36.132751 N LONG: 107.525530 W 76 (MEASURED) 1 "55 '17 "E 2666.7 З NO1 "55 '35"E 2667,50 NO1 "10"E 2666.40" (RECORD) " OPERATOR CERTIFICATION S89 °57 W 2608.98 NO1 * 10 E 2665. "OPERATOR CENTIFICATION 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. (RECORD) DATUM: NAD1927 LAT: 36.132766 *N LONG: 107.526135 *W DATUM: NAD1983 LOT 347 (RECORD) 101 4 2262 N88 *22 W 2620.20 ≥ (MEASURED) N87 *39 '21 'W 2636.25 NB7 "38 54 W 2620.58 101 (MEASURED) (MEASURED) N89 *16 '41 "W 2608.66 335 N88 *22 W 2637.36 (RECORD) at the 2/11/2021 POINT-OF-ENTRY 330' FSL 1797' FEL SEC 19, T22N, R6W S89 "57 W 2608.98 1. 50 '15"E 2667.4" "1 "05"E 2665.07" "1 "05"E 2656.07" 43. LOT (RECORD) Signature Date 1 Heather Huntington LAT: 36.117829 °N LONG: 107.506501 "W Printed Name (MEASURED) DATUM: NAD1927 LOT hhuntington@enduringresources.com N01 "55 '32 "E 2666.20 LAT: 36.117844 °N LONG: 107.507106 °W 2 E-mail Address NAS-D'SAN N01 °10 E 2665.74 (RECORD) NO1 ¹⁸ SURVEYOR CERTIFICATION DATUM: NAD1983 FON I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or und my supervision, and that the same is true and correct to the best of my belief. 24 19 (MEASURED) 5 '32 "E 2666.20 ' 7316-3 2660.46 CORD) 74 (MEASURED) *47'29'E 2667.29 LOT 2665.7 CORD) 3 *05'E_2666.07' Date Revised: SEPTEMBER 3, 2019 . 10 E Date of Survey: JULY 17, 2018 E H E L SE. 22 Signature and Seal of Professional Surveyor LOT EDWARDS NO NO1 4 JASON NO1 (MEASURED) N89 °06 '15 "W 2579.96 ' 1797 C. (MEASURED. (MEASURED) N87 °37 '45 ''W 2645.70 N01 .FON N89 °12 '54 "W 2580.36 MEXICO N61º31.3'W 330 JEW. 867.6 N89 °58 W 2580.93 N89 *58 W 2580.93 N88 "23 W 2645.28 O' 51' (RECORD) (RECORD) 78 10 (RECORD) REGISTER SURFACE LOCATION SCHLEYOR 52 E 2661.7 (RECORD) 74 1021 (MEASURED) 57'50"E 2666.67 51' FNL 1021' FEL SEC 30, T22N, R6W LAT: 36.116720 N LONG: 107.503902 W 2665 (*15'E 2666.40' (RECORD) 15269 LOT NO1 *10 'E 2665... (RECORD) NO1 "55 33"E 266 1 DATUM: NAD1927 AROFESSIONAL (RECORD) LAT: 36.116735 °N LONG: 107.504507 °N NO1 LOT N88 '23 W 2520.86 107.504507 °W 2 N87 '37 '36 "W 2621.49 FON DATUM: NAD1983 NO1 (MEASURED) 25 30 DWARDS

LQT

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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

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

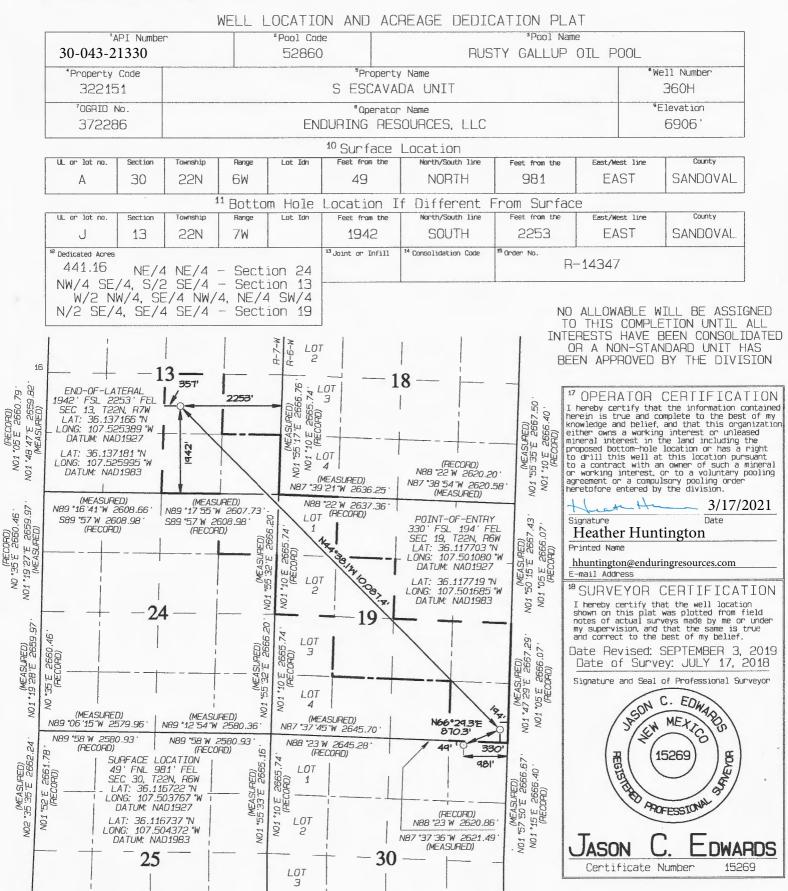
Santa Fe, NM 87505

1220

South St. Francis Drive

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Uistrict 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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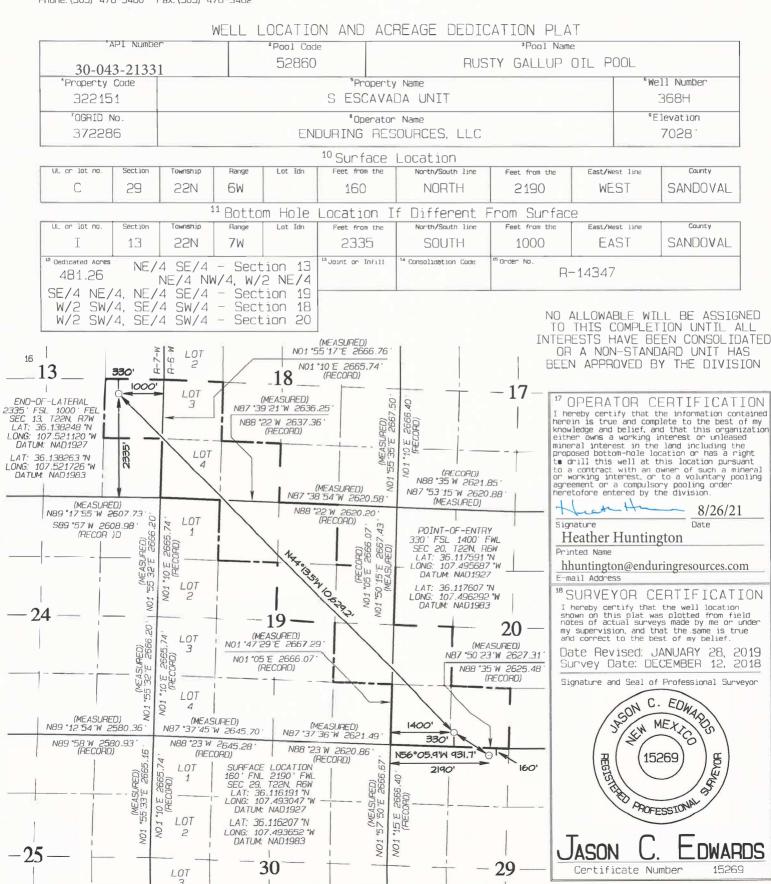
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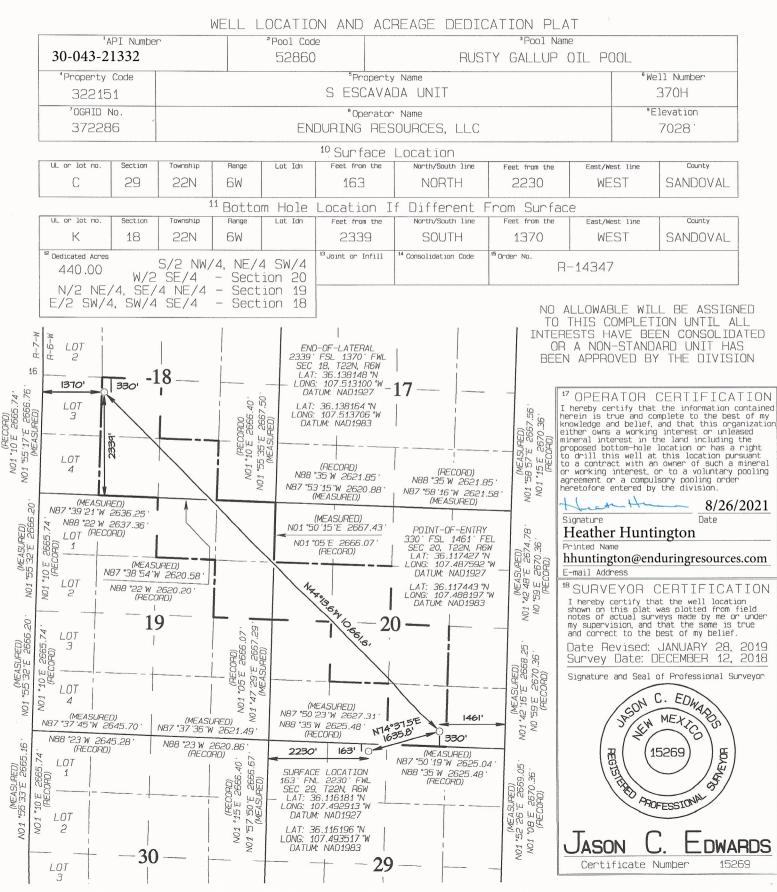
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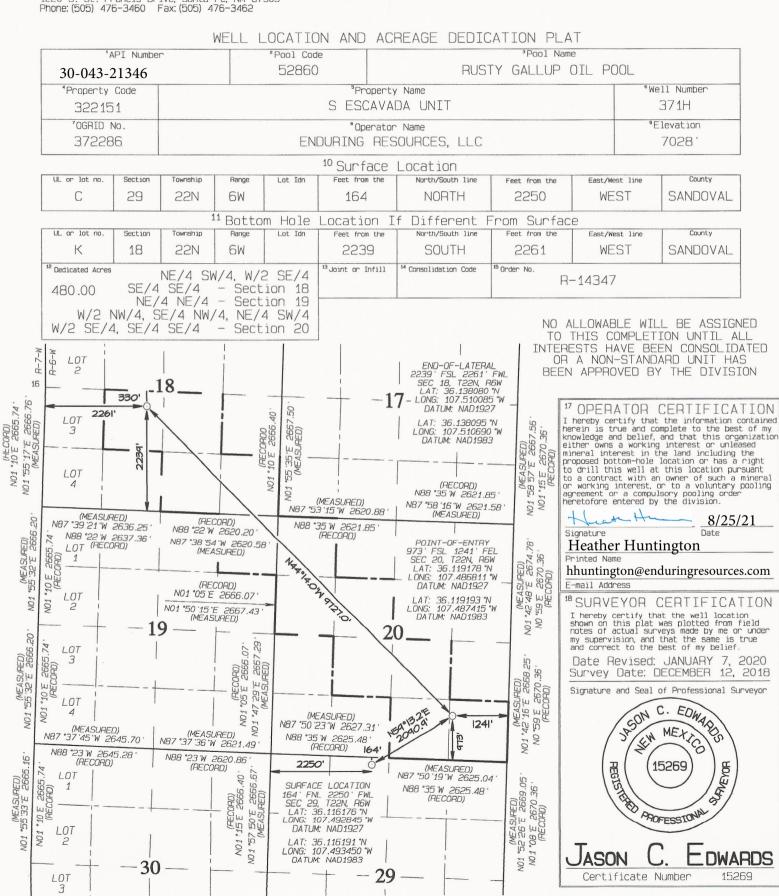
OIL CONSERVATION DIVISION

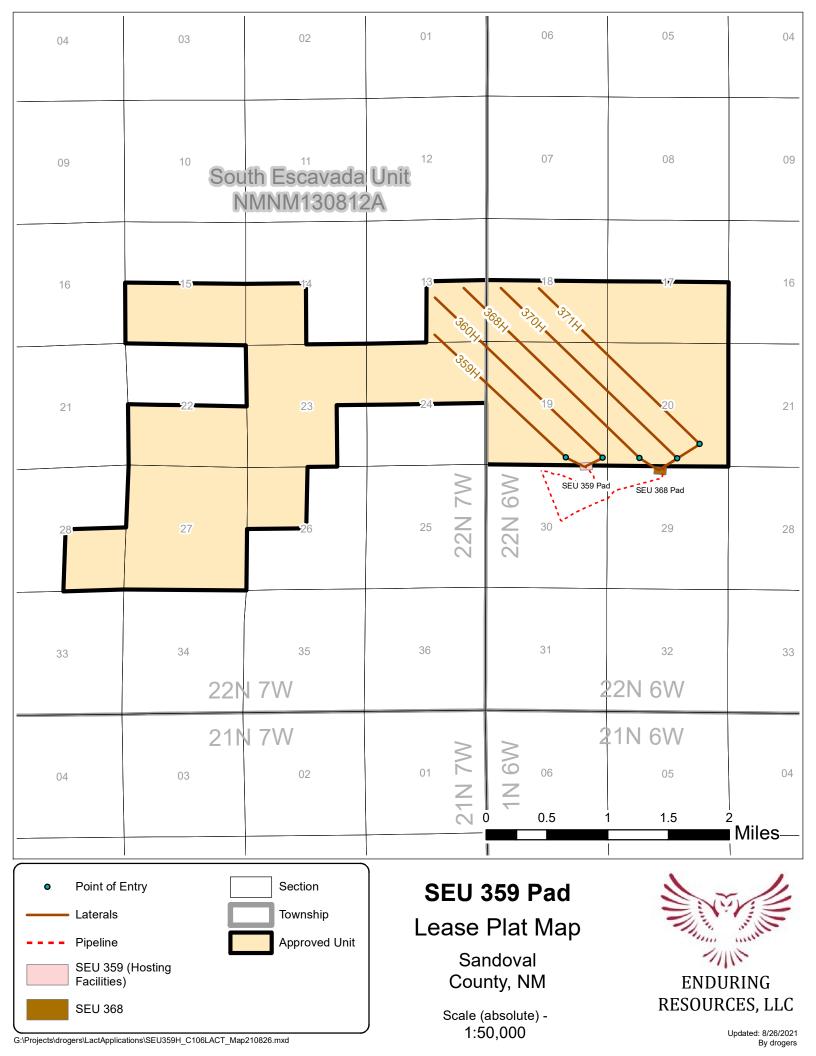
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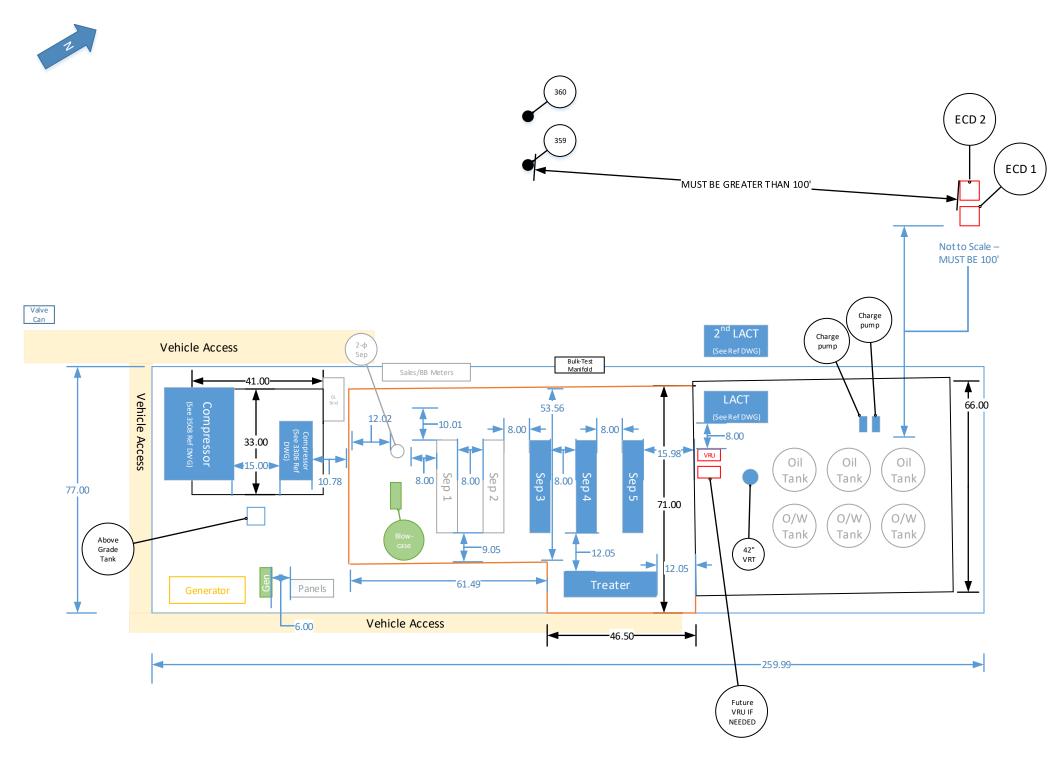
Santa Fe. NM 87505

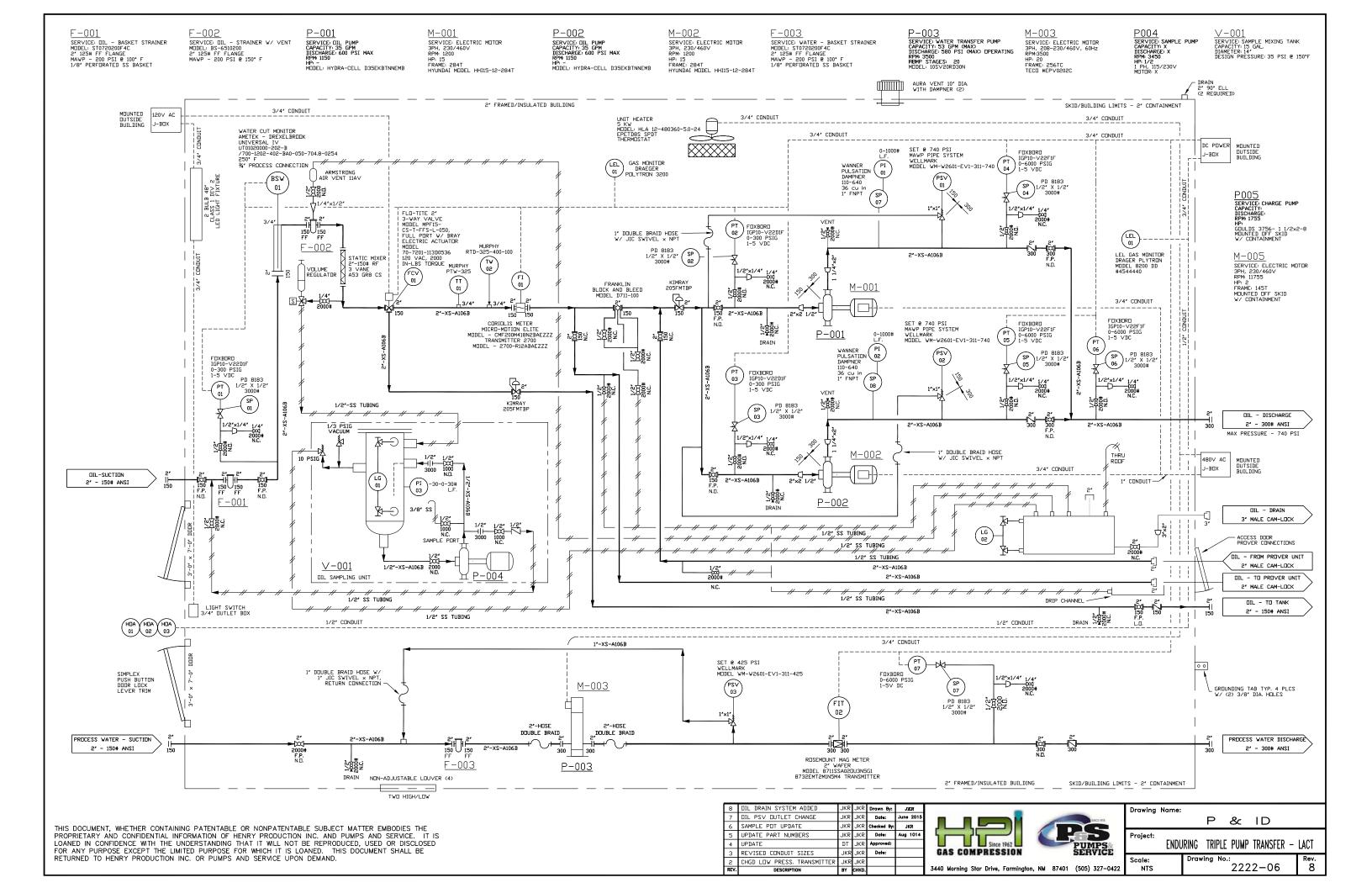
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From:	Mark Lokshin
То:	Heather Huntington
Cc:	Alex Campbell, Bobby McCracken
Subject:	FW: [EXTERNAL] FW: Permission from Marathon LACT unit on S Escavada Unit 359H
Date:	Thursday, September 9, 2021 7:34:22 AM
Attachments:	<u>winmail.dat</u>

Hi Heather

Please see the below approval from Marathon. Thank you Mark

-----Original Message-----From: White, Randy P. <RPWhite@Marathonpetroleum.com> Sent: Thursday, September 9, 2021 7:33 AM To: Mark Lokshin <MLokshin@enduringresources.com> Cc: Webb, Marshall <MWebb@marathonpetroleum.com> Subject: FW: [EXTERNAL] FW: Permission from Marathon LACT unit on S Escavada Unit 359H

Mark,

Good morning. Please see approval below.

Thank you and stay safe.

Randy P. White Trader Specialist - Crude Oil Supply and Trading Marathon Petroleum Corporation | 15 Smith Road, Suite 1000, Midland, TX 79705 Mobile: (505) 793-5313 | Office: (432) 848-5478 Email: rpwhite@marathonpetroleum.com<<u>mailto:rpwhite@marathonpetroleum.com</u>> | ICE: rwhite [cid:image001.png@01D7A555.548981E0]

From: Webb, Marshall </br/>MWebb@marathonpetroleum.com>
Sent: Wednesday, September 8, 2021 6:32 PM
To: White, Randy P. <
RPWhite@Marathonpetroleum.com>; Marquez, Monica G
</br/>MGMarquez@Marathonpetroleum.com>
Cc: SAT - Measurement <7satmeasurement@Marathonpetroleum.com>; Davis, Bruce D.
<BDDavis@Marathonpetroleum.com>
Subject: Re: [EXTERNAL] FW: Permission from Marathon LACT unit on S Escavada Unit 359H

Thanks Randy,

I approve

Get Outlook for iOS<https://protect-us.mimecast.com/s/wHFXC0REBLHlm2wIwtmZl?domain=aka.ms>

From: White, Randy P. <RPWhite@Marathonpetroleum.com<<u>mailto:RPWhite@Marathonpetroleum.com</u>>> Sent: Friday, September 3, 2021 9:05 AM To: Webb, Marshall; Marquez, Monica G Cc: SAT - Measurement; Mark Lokshin (MLokshin@enduringresources.com<<u>mailto:MLokshin@enduringresources.com</u>>) Subject: RE: [EXTERNAL] FW: Permission from Marathon LACT unit on S Escavada Unit 359H Mark,

Sorry for the delay. Looping in Marshall Webb and Monica Marquez on Enduring's request.

Thank you.

From: Mark Lokshin MLokshin@enduringresources.com<</td>Sent: Friday, September 3, 2021 8:11 AM

To: White, Randy P. <RPWhite@Marathonpetroleum.com<<u>mailto:RPWhite@Marathonpetroleum.com</u>>> Cc: SAT - Measurement

<7satmeasurement@Marathonpetroleum.com<mailto:7satmeasurement@Marathonpetroleum.com>>>

Subject: RE: [EXTERNAL] FW: Permission from Marathon LACT unit on S Escavada Unit 359H

Randy I have not heard back from anyone regarding the below. This is the last item that we need in order to file our paperwork with NMOCD. Thanks Mark -----Original Message----- From: White, Randy P. <RPWhite@Marathonpetroleum.com<<u>mailto:RPWhite@Marathonpetroleum.com</u>>>> Randy

I have not heard back from anyone regarding the below. This is the last item that we need in order to file our paperwork with NMOCD. Thanks Mark

-----Original Message-----From: White, Randy P. <RPWhite@Marathonpetroleum.com<<u>mailto:RPWhite@Marathonpetroleum.com</u>>> Sent: Monday, August 30, 2021 9:10 AM To: Mark Lokshin

 To: Mark Lokshin
 MLokshin@enduringresources.com<<u>mailto:MLokshin@enduringresources.com</u>>> Cc: SAT - Measurement

 <7satmeasurement@Marathonpetroleum.com<<u>mailto:7satmeasurement@Marathonpetroleum.com</u>>> Subject: FW: [EXTERNAL] FW: Permission from Marathon LACT unit on S Escavada Unit 359H

Mark,

I'm looping in our Measurements group on the approval process.

From: Mark Lokshin <a>MLokshin@enduringresources.com<<u>mailto:MLokshin@enduringresources.com</u>>> Sent: Monday, August 30, 2021 9:58 AM To: White, Randy P. <RPWhite@Marathonpetroleum.com<<u>mailto:RPWhite@Marathonpetroleum.com</u>>>

Subject: [EXTERNAL] FW: Permission from Marathon LACT unit on S Escavada Unit 359H

HI Randy Please see below. Please reply with your approval, or if it's not you that needs to approve please direct me to the correct person. Thank you Mark From: Heather Huntington <a href="https://www.enduringresources.com/mailto:Hhuntington@enduringresources.com/mailto:Hhuntingto.com/mailto:Hhuntington@enduringresources.

HI Randy

Please see below. Please reply with your approval, or if it's not you that needs to approve please direct me to the correct person. Thank you Mark From: Heather Huntington

<u>Hhuntington@enduringresources.com</u><mailto:Hhuntington@enduringresources.com</p>
Sent: Monday, August 30, 2021 8:53 AM

To: Mark Lokshin
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Morning Mark,

As part of Enduring Resources IV, LLC's (Enduring) S Escavada 359H Pad Pipeline Transfer LACT Unit C-106 LACT application to the NMOCD Aztec office, Enduring needs an approval from the transporter, which in this case is Marathon Oil. Custody transfer will be at this LACT Unit and will be the official measurement point for sales with a Coriolis check meter downstream at tie-in for verification and pipeline monitoring. Pipeline Transfer LACT equipment for the below listed wells will be located on Enduring's S Escavada Unit 359H pad. LACT will be proved per regulatory requirements.

<u>S ESCAVADA UNIT 359H/360H/368H/370H/371H PIPELINE LACT UNIT:</u>

WELLS TO BE SERVED BY PIPELINE LACT UNIT:

• S ESCAVADA UNIT 359H/ API # 30-043-21329/ UNIT A Sec. 30, T22N, R6W, NMPM • S ESCAVADA UNIT 360H/ API # 30-043-21330/ UNIT A Sec. 30, T22N, R7W, NMPM • S ESCAVADA UNIT 368H/ API # 30-043-21331/ UNIT C Sec. 29, T22N, R6W, NMPM • S ESCAVADA UNIT 370H/ API # 30-043-21332/ UNIT C Sec. 29, T22N, R6W, NMPM • S ESCAVADA UNIT 371H/ API # 30-043-21346/ UNIT C Sec. 29, T22N, R6W, NMPM

Will you please reach out to Marathon and get permission for this LACT unit and forward me the response so I can include in required application documents?

Heather Huntington Enduring Resources Permitting Technician 505-636-9751