

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-106
Revised 4-1-91

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

ACT Permit No. I-855

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Operator Meridian Oil Inc.

Address P.O. Box 51810, Midland, TX 79710-1810 County Lea

Lease(s) to be served by this ACT Unit H Diamondtail '34' Federal (NM94616) & Diamond '34' Federal (NM62225)

Pool (s) to be served by this ACT Unit Delaware and Bone Spring

Location of ACT System: Unit Ut. J Section 34 Township 23S Range 32E

Order No. authorizing commingling between leases if more than one pool is to be served by this system.

Been applied for _____ Date _____

Order No. authorizing commingling between pools if more than one pool is to be served by this system.

Been applied for _____ Date _____

Authorized transporter of oil from this system EOTT Energy Corp.

Transporter's address P.O. Box 10607 Midland, Texas 79702

Maximum expected daily through-put for this system: +/- 650 bbls oil per day

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
as required by Section (3) h-1 of
"RULE 309-A" B. ☒ Alternative (3) h-2, providing adequate available
capacity to receive production during maximum
unattended time of lease operation

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 bbl tank BBLs.

What is the normal maximum unattended time of lease operation? Less than 24 hrs. 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 _____

Remarks: _____

OPERATOR:

I hereby certify the above information is true and complete to the best of my knowledge and subject ACT system will be installed and operated in accordance with Rule 309-A. Approval of this Form C-106 does not eliminate necessity of an approved C-106 prior to running any oil or gas from this system.

Signature Donna Williams

Printed Name & Title Donna Williams Regulatory

Date 3/26/96 Telephone 915-688-6943

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY JERRY SEXTON
DISTRICT I SUPERVISOR

Title: _____

Date: MAR 28 1996

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12488 Exhibit No. 1

Submitted by:

EOG Resources, Inc.

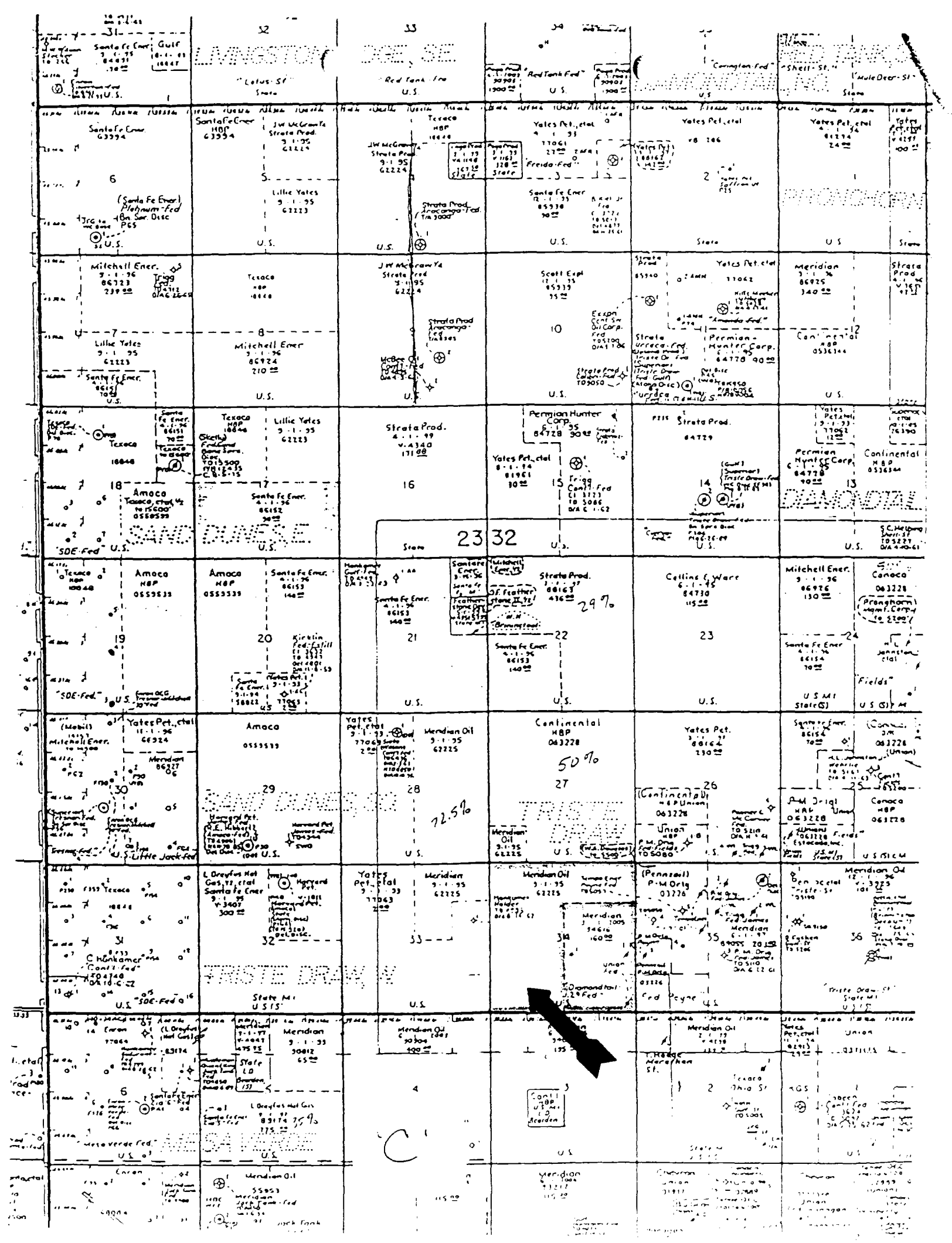
Hearing Date: October 5, 2000

INSTRUCTIONS: Submit 4 copies of Form C-106 with following attachments to appropriate district office. See Rule 30

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 accurate

3) Letter from transporter agreeing to utilization of ACT system as shown on schematic diagram.



LOCATION OF WELLS IN THE DIAMONDTAIL AND DIAMOND LEASES
SECTION 34, T23S, R32E, LEA COUNTY, NEW MEXICO

DIAMOND '34' FEDERAL LEASE (NM 62225)

Diamond '34' Federal Well # 2	660' FNL & 1980' FEL
Diamond '34' Federal Well # 3 (Pro)	660' FSL & 1980' FWL

DIAMONDTAIL '34' FEDERAL LEASE (NM 94616)

Diamonddtail '34' Federal Well # 1	1980' FSL & 2310' FEL
Diamonddtail '34' Federal Well # 2	660' FSL & 1980' FEL
Diamonddtail '34' Federal Well # 3	1980' FNL & 1980' FEL
Diamonddtail '34' Federal Well # 4 - Dry Hole	1980' FNL & 660' FEL

EOTT ENERGY CORP.
Operating Limited Partnership

March 20, 1996

Mr. Jerry Sexton
State of New Mexico
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico

Re: LACT Unit on Meridian Oil Lease
Diamond 34 Federal 1
Section 34, T-23-S, R-32-E
Lea County, New Mexico

Dear Mr. Sexton:

EOTT Energy Operating Limited Partnership gives permission to Meridian Oil to set a L.A.C.T. Unit on the above referenced leases located in Lea County, New Mexico.

If you have any questions, please call me.

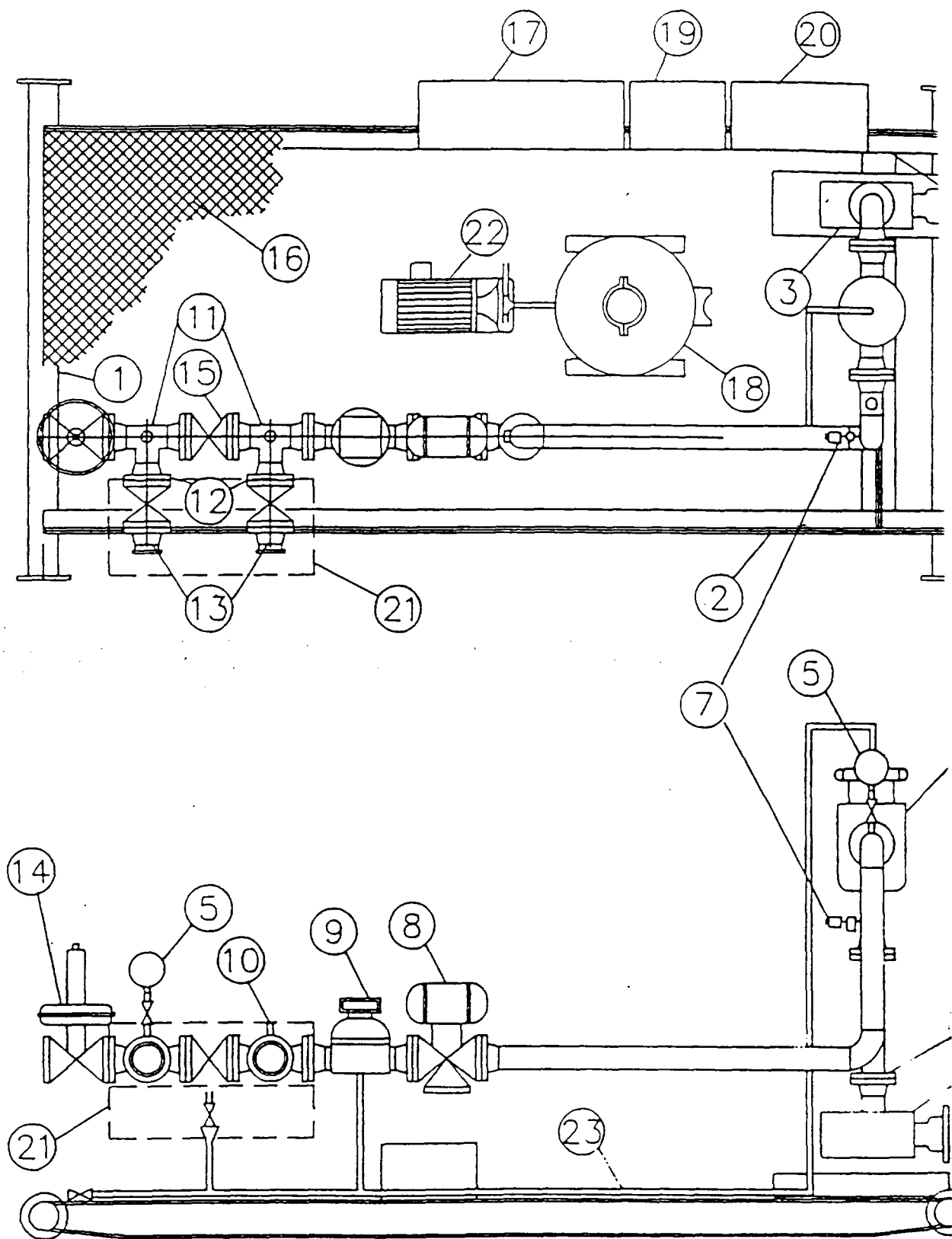
Very truly yours,

EOTT Energy Operating Limited Partnership
By: EOTT Energy Corp., its General Partner



Chesley Thomas, Project Manager

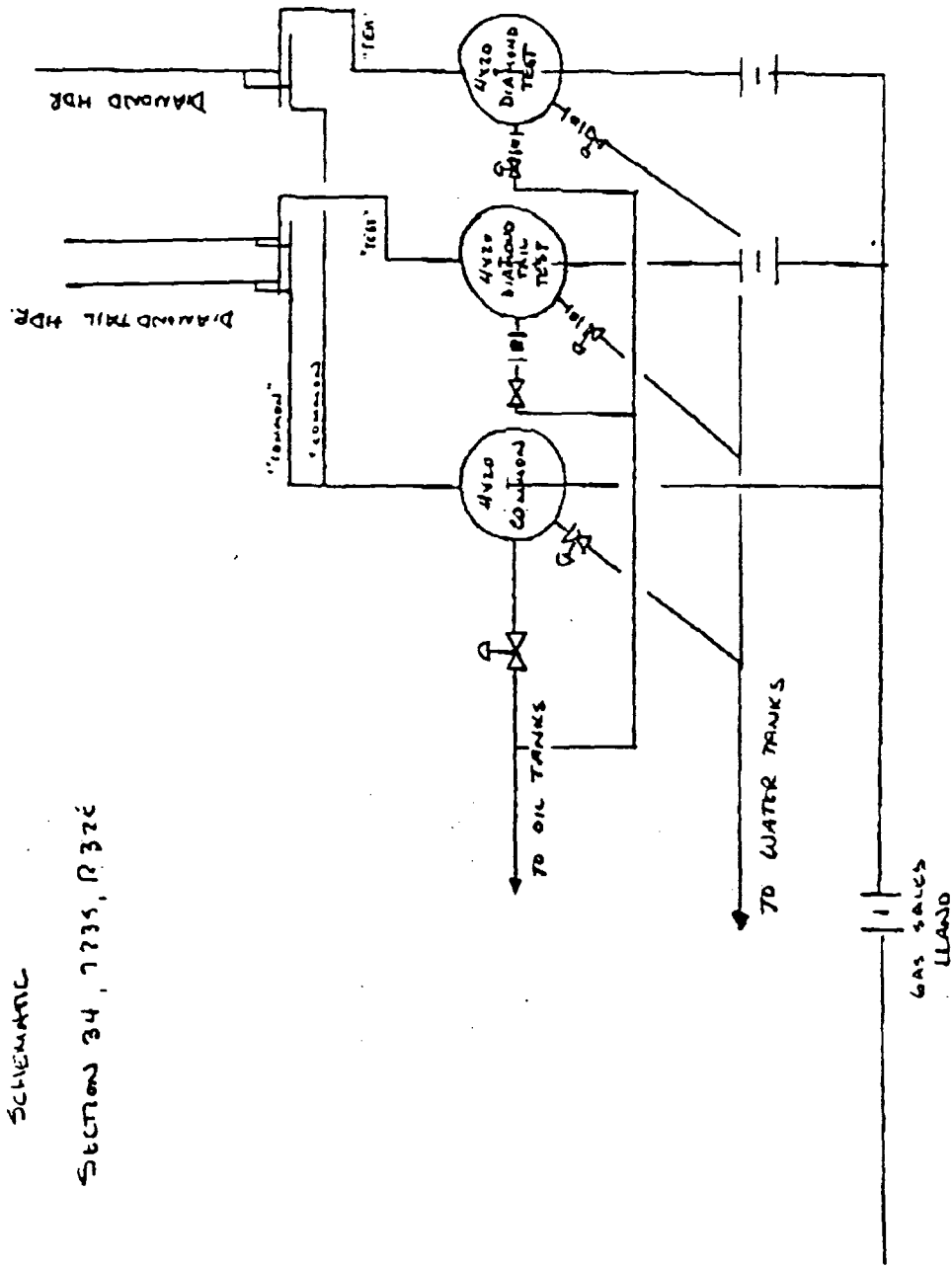
cc: Mr. David Pharaoh
Meridian Oil Inc.
P.O. Box 51810
Midland, Texas 79710-1810



Diagonal Area

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Section 34, 7735, R37c



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SECRET



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

COMMINGLING ORDER PLC - 121

Meridian Oil Company
P.O. Box 51810
Midland, Texas 79710-1810

Attention: Ms. Donna J. Williams

The above-named company is hereby authorized to commingle Triste Draw Delaware (59930) and Wildcat Bone Spring (no I.D.N.) Pool production from the following leases:

Lease: Diamond '34' Federal Well Nos.2 and 3 (NM62225)
Description: NW/4 NE/4 and SE/4 SW/4 of Section 34, and;

Lease: Diamondtail '34' Federal (NM94616)
Description: S/2 NE/4 and W/2 SW/4 of Section 34,

both in Township 23 South, Range 32 East, Lea County, New Mexico.

Production shall be allocated to each lease by separately metering the production from the Diamond '34' Federal Lease and determining the Diamondtail '34' Federal Lease production by the subtraction method.

REMARKS: Royalty ownership of the Diamond '34' Federal Lease is diverse whereas ownership of the Diamondtail '34' Federal Lease is common.

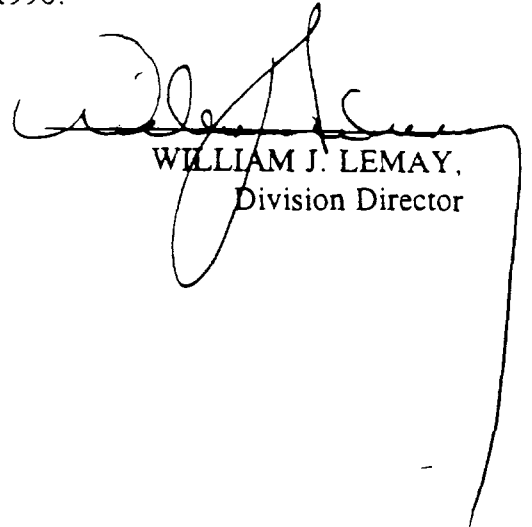
FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

NOTE: Validation of this authority shall be accomplished by like approval by the U.S. Bureau of Land Management.

Commingling Order PLC-121
Meridian Oil Company
May 2, 1996
Page 2

DONE at Santa Fe, New Mexico, on this 2nd day of May, 1996.



WILLIAM J. LEMAY,
Division Director

WJL/BES

cc: Oil Conservation Division - Hobbs
US Bureau of Land Management - Carlsbad