<u>District I</u> (575) 393-6161 1625 N. French Dr., Hobbs, NM 88240 <u>District II</u> (575) 748-1283 811 S. First St., Artesia, NM 88210 <u>District III</u> (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.

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Operator Enduring Resources IV, LLC						
Address 200 Energy Court Farmington, NM 87401	County <u>San Juan</u>					
Lease(s) to be served by this ACT Unit: NMNM130812X (S I Pool(s) to be served by this ACT Unit Rusty Gallup Oil Pool (
Location of ACT System: Unit <u>F</u> Section <u>26</u> Order No. authorizing commingling between leases if more than one						
	Date <u>5/15/2017</u>					
Order No. authorizing commingling between pools if more than one p	pool is to be served by this system					
<u>N/A</u>	Date <u>N/A</u>					
Authorized transporter of oil from this system <u>Enduring Reso</u>	ources IV, LLC					
Transporter's address 200 Energy Cour	rt Farmington, NM 87401					
Maximum expected daily through-put for this system: 2,000 BBL/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 19.15.18.15.C(8) NMAC B. □ Providing adequate available capacity to receive production during maximum unattended time of lease operation 19.15.18.15.C(9) NMAC If "A" above is checked, will flowing wells be shut-in at the header manifold or at the wellhead?						
NA	Maximum well-head shut-in pressure <u>N/A</u>					
If "B" above is checked, how much storage capacity is available abov						
surge tank150BBLS. What is the normal maximum unattended time of lease operation? What device will be used for measuring oil in this ACT unit? CHECK ONE: Positive displacement meter	<u>Sixteen (16)</u> Hours.					
Positive volume metering chamber	Other; describe <u>Coriolis Meter</u>					
Remarks:This LACT will be selling to pipeline						
OPERATOR: I hereby certify above information is true and complete to best of my knowledge and subject ACT system will be installed and operated in accordance with Rule 19.15.18.15 NMAC. Approval of this Form	OIL CONSERVATION DIVISION					
C-106 does not eliminate necessity of an approved C-104 prior to running any oil or gas from this system.	Approved by: Dean R Millure					
Signature that	Title: Petroleum Engineer					
Printed Name & Title_Heather Huntington, Permitting Tech	Date: 03/23/2021					
E-mail Address <u>hhuntington@enduringresources.com</u>						
Date _2/11/2021 Telephone(505) 636-9751						

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 352H/353H/354H/359H/360H PIPELINE LACT UNIT:

WELLS TO BE SERVED BY PIPELINE LACT UNIT:

- S ESCAVADA UNIT 352H / API # 30-043-21323/ UNIT F Sec. 26, T22N, R7W, NMPM
- S ESCAVADA UNIT 353H / API # 30-043-21320/ UNIT F Sec. 26, T22N, R7W, NMPM
- S ESCAVADA UNIT 354H / API # 30-043-21319/ UNIT F Sec. 26, T22N, R7W, NMPM
- 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

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.

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

District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334 6170 District IV

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

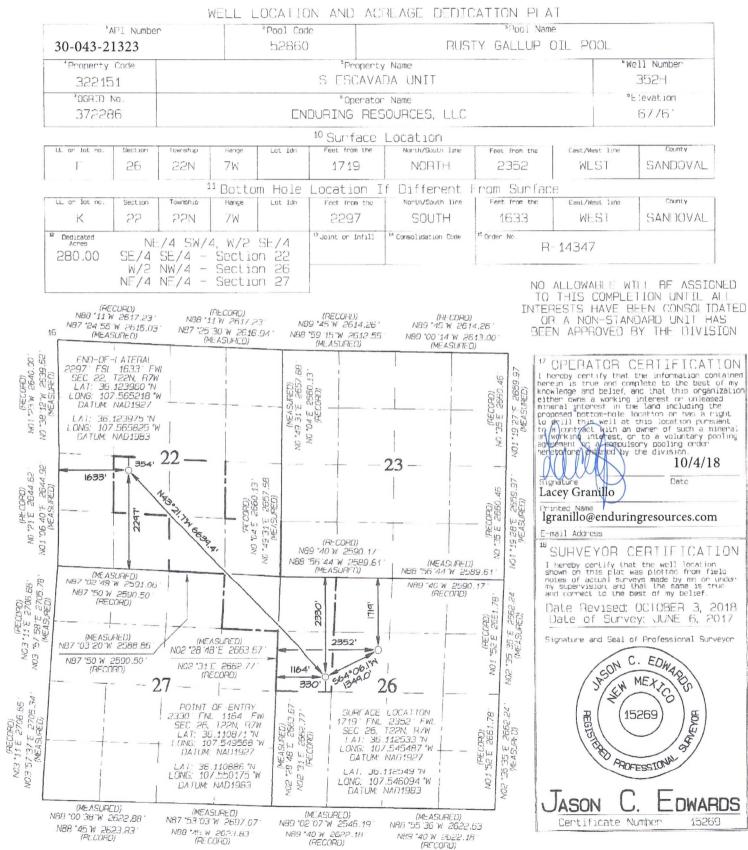
State of New Mexico Energy, Minerals & Natural Resources Department Page 3 of 13 Form C-102 Revised August 1, 2011

Submit one copy to Appropriate District Office

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OTL CONSERVATION DIVISION

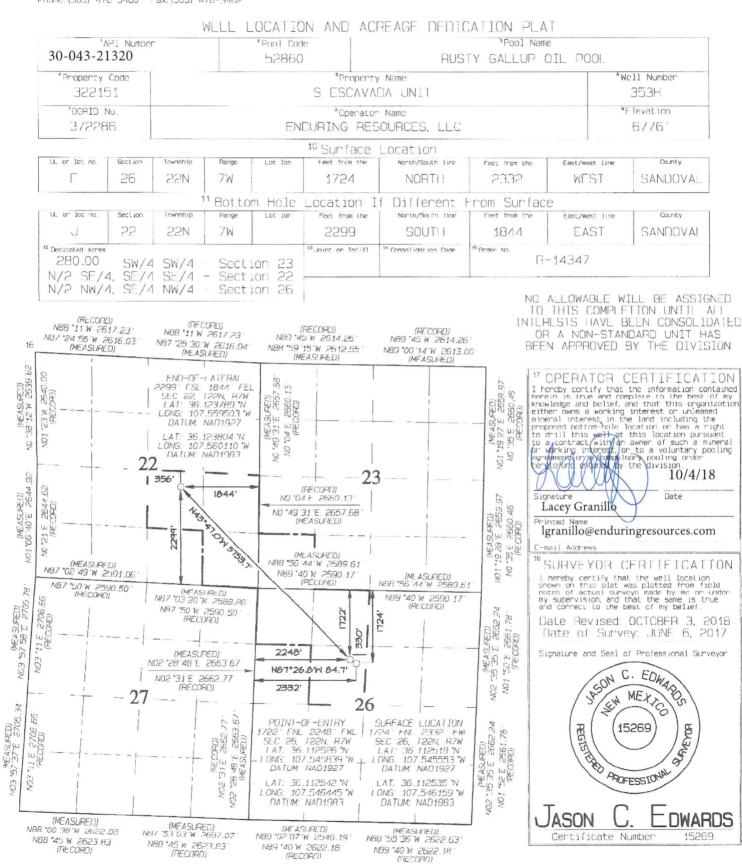
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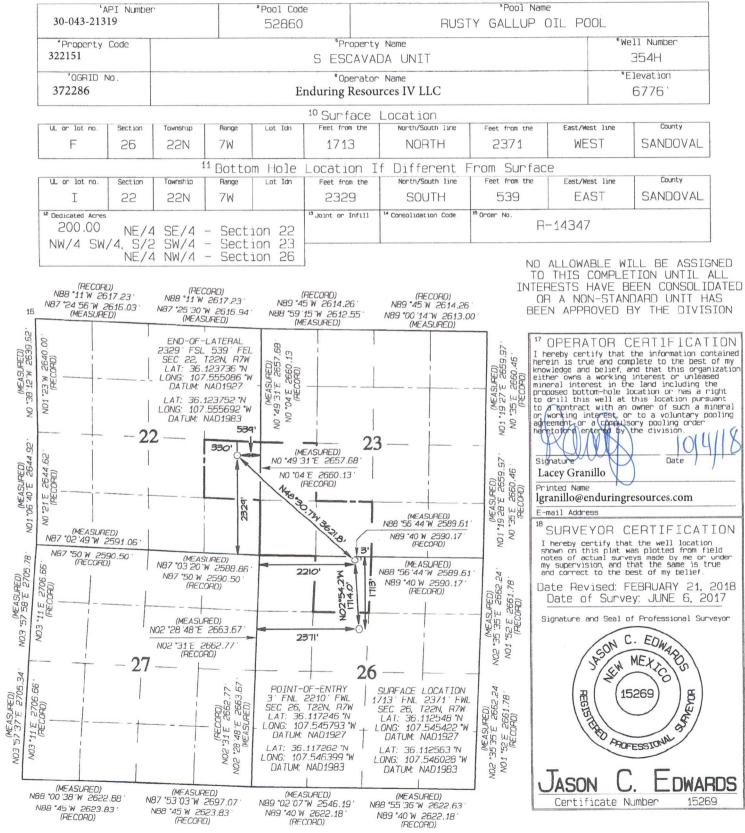
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OIL CONSERVATION DIVISION 1220 South St. Francis Drive Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT



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State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

Santa Fe, NM 87505

South St. Francis Drive

1220

Page 6 of 13 Revised August 1, 2011

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WELL LOCATION AND ACREAGE DEDICATION PLAT API Number Pool Code Pool Name 043-21329 0 RUSTY GALLUP OIL POOL ----52860 Property Code Well Number Property Name 322151 359H S ESCAVADA UNIT OGRID NO Operator Name Elevation 372286 ENDURING RESOURCES, LLC 6906 ¹⁰ Surface Location UL or lot no. Section Township Lot Idn Feet from the North/South line East/West line County Rang Feet from the 51 **30** 22N NORTH 1021 EAST SANDOVAL A 6W ¹¹ Bottom Hole From Surface Location If Different ut or lot no Sect ion Townshin Lot Idn Feet from the North/South line Feet from the County Range East/West line 0 22N 5565 17 7W 335 SOUTH EAST SANDOVAL 12 Dedicated Acres Joint or Infill 14 Consolidation Code 10 Order No SW/4 SE/4 Section 13 _ R-14347 361.28 SW/4 NW/4. N/2 SW/4 SE/4 SW/4. Section 19 SW/4 SE/4 -N/2 NE/4, SE/4 NE/4 - Section 24 NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL R-6-W R-7-INTERESTS HAVE BEEN CONSOLIDATED LOT OR A NON-STANDARD UNIT HAS 16 101 5517 E 2000 BEEN APPROVED BY THE DIVISION 13 18 END-OF-LATERAL 335' FSL 2262' FEL SEC 13, T22N, R7W LAT: 36.132751 N LONG: 107.525530 W (MEASURED) NB9 *17 '55 ''W 2607.73 NO1 *48 47 'E 2659.82 (RECORD) NO1 "05 E 2660.79 ¹⁷ OPERATOR CERTIFICATION 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 proposed bottom-hole location or has a right to drill this well at this location pursuent to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a computery booling order heretofope entered by the division. (MEA SURED) "55 '17 "E 2666. 30 S89 *57 W 2608.98 (RECORD) (MEASURED) 1 "55 "35"E 2667.E 01 "10"E 2666.40 (RECORD) 40. DATUM: NAD1927 LAT: 36.132766 *N LONG: 107.526135 *W DATUM: NAD1983 347 (RECORD) N88 *22 W 2620.20 2262 ≥ (MEA.SURED) N87 "39"21 "₩ 2636.25 107 N87 *38 '54 'W 2620.58 (MEASURED) NO1 (MEASURED) N89 *16 *41 W 2608.66 335 NBS *22 W 2637.36 NO1 "19'27"E 2659.97 (RECORD) 10 (HECOHD) NO "35 E 2660.46 POINT-OF-ENTRY 330' FSL 1797' FEL SEC 19, T22N, R6W LAT: 36.117829 'N LONG: 107.506501 'W S89 *57 W 2608.98 (RECORD) 43. LOT (MEASURED) 1 '50' 15''E' 2667.43 01 '05'E' 2666.07' (RECORD) Signature 1 0 DATUM: NAD1927 E-Mail Address (MEASLIBED) LOT nalla endul raveauca NO1 55 32 E 2666.20 2 LAT: 36.117844 °N LONG: 107.507106 °W NAS CIOCAN N01 *10 E 2665.74 (RECORD) 101 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. 19 24 (MEASURED) 55'32"E 2666.20' NO1 19 28 E 2659.97 Noter 35 E 2660.46 under 74 LOT 3 53 (NEASURED) NO1 *47 29'E 2667,29 NO1 *05'E 2666.07' (RECORD) COHD) Date Revised: SEPTEMBER 3, 2019 Date of Survey: JULY 17, 2018 NO1 "10 E Signature and Seal of Professional Surveyor LOT EDWARDS No. 4 JASON 101 1797 C. (MEASURED) N89 °06 '15 ''W 2579.96 (MEASURED) N87 "37 "45 "W 2645.70 (MEASURED) MEXICO N89 '12 54 W 2580.36 N61º31.3% THEM 330 N89 *58 W 2580.93 (RECORD) 867.6 N89 58 W 2580.93 (MEASURED) NO2 "35 '35'E 2662.24 N88 *23 W 2645.28 51 (RECORD) 16 52 E 2661.78 (PECORD) (RECORD) SURFACE LOCATION 51' FNL 1021' FEL SEC 30, T22N, R6W LAT: 36.116720'N LONG: 107.50.3902'W (MEASURED) •57 50°E 2666.67 •15°E 2666.40° (RECORD) REGISTER S.M.EYOR 74 102 (NEASURED) NO1 *55 33"E 2665. 15269 CORD) LOT 1 10 E DATUM: NAD1927 ABOFESSIONAL (RECORD) N88 *23 W 2620.86 10N LAT: 36.116735 N LONG: 107.504507 W LOT NO1 FON "37'36"W 2621.49 (MEASURED) N87 DATUM: NAD1983 30 25 JASON DWARDS 15269 LQT Certificate Number F

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OIL CONSERVATION DIVISION

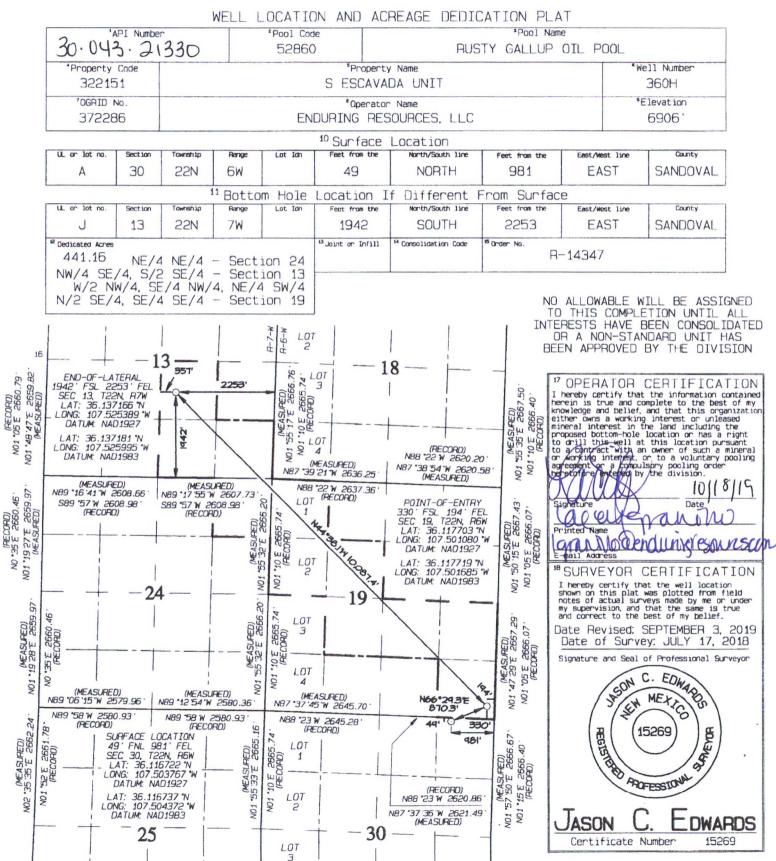
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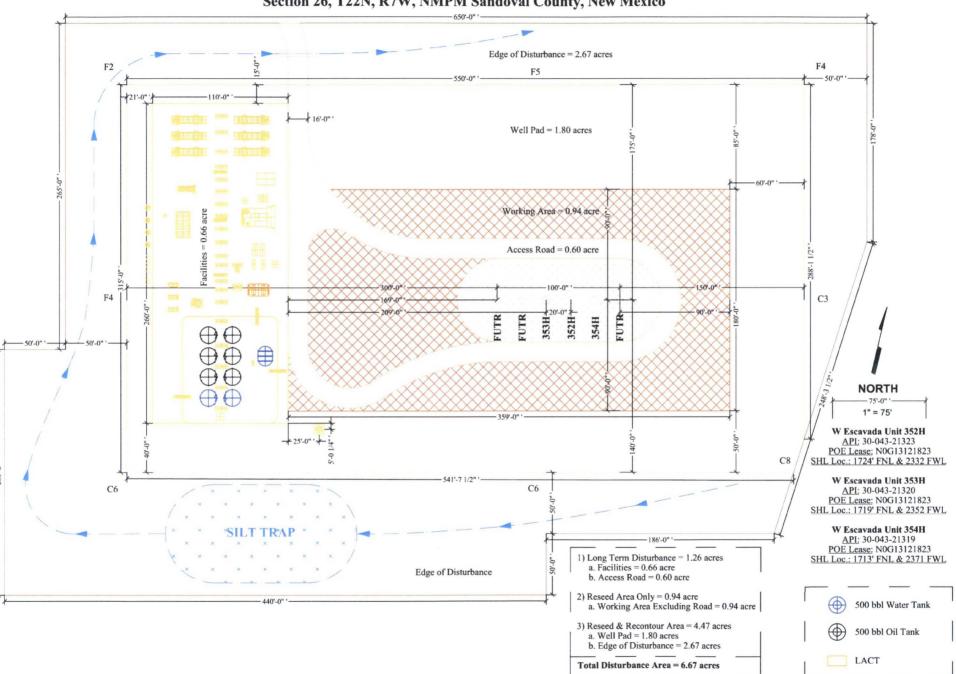
Page 7 of 13 Form C-102 Revised August 1, 2011

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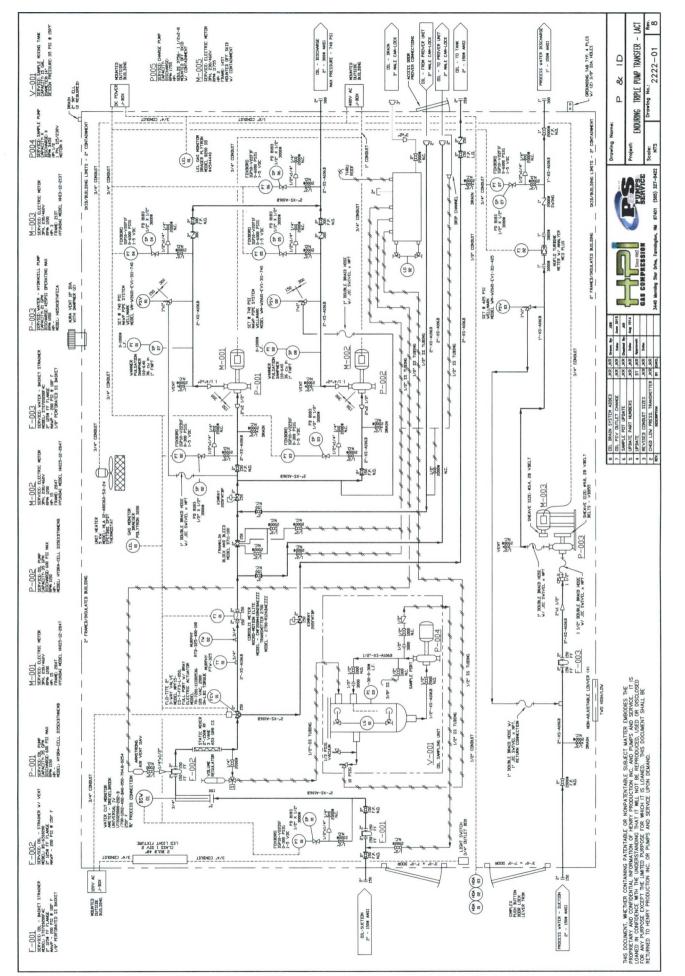
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05	04	03	02	01	06	05	04
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SEU 359H Lease Plat Map							
===== 2018, Lower Unit Boundary							
===== 2019, Lower Section PADS Township							
PADS Township Miles Nice Statement: BLM-FF0, Enduring Resources GIS, ESRI Inc., NCE Surveys, USGS Released to Imaging: 3/23/2021 10?45:04 AM Author: drogers Date: 2/11/2021							



Enduring Resources IV, LLC's S Escavada Unit 352H Well Pad Facility Diagram Section 26, T22N, R7W, NMPM Sandoval County, New Mexico

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From:	<u>Alex Campbell</u>
То:	Heather Huntington; John Conley
Cc:	Travis Whitham; Tim Friesenhahn; Bobby McCracken
Subject:	Re: S Escavada Unit 352 Pad Pipeline Transfer LACT Unit C-106: Amendment to add additional wells
Date:	Thursday, February 11, 2021 1:03:52 PM
Importance:	High

Alex B. Campbell on behalf of Enduring Resources LLC is in agreement to the utilization of the LACT unit as provided below.

Alex B. Campbell Vice President Enduring Resources, LLC 1050 17th Street, Suite 2500 Denver, Colorado 80265 Telephone Number (303) 350-5107 Facsimile Number (303) 573-0461 Cell Phone Number (303) 929-8429

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From: Heather Huntington <Hhuntington@enduringresources.com>

Date: Thursday, February 11, 2021 at 11:31 AM

To: Alex Campbell <ACampbell@enduringresources.com>, John Conley

<JConley@enduringresources.com>

Cc: Travis Whitham <TWhitham@enduringresources.com>, Tim Friesenhahn

<TFriesenhahn@enduringresources.com>, Bobby McCracken

<BMcCracken@enduringresources.com>

Subject: S Escavada Unit 352 Pad Pipeline Transfer LACT Unit C-106: Amendment to add additional wells

Alex/John-

Enduring is requesting to amend their current S Escavada Unit 352 Pad Pipeline Transfer LACT Unit C-106 approval. Currently, Enduring is approved through the NMOCD Aztec office for the transfer of the following wells through the approved LACT unit into Enduring's system:

- S ESCAVADA UNIT 352H / API # 30-043-21323/ UNIT F Sec. 26, T22N, R7W, NMPM
- S ESCAVADA UNIT 353H / API # 30-043-21320/ UNIT F Sec. 26, T22N, R7W, NMPM

• S ESCAVADA UNIT 354H / API # 30-043-21319/ UNIT F Sec. 26, T22N, R7W, NMPM

Permission is needed from Enduring to Enduring to produce the following <u>additional</u> wells in red through this existing LACT system. LACT will be proved per regulatory requirements.

S ESCAVADA UNIT 352H, 353H, 354H, 359H, & 360H 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

Will one of you please reply back to this email confirming you are in agreement to the utilization of this LACT Unit?

Thank you,

Heather Huntíngton Enduríng Resources Permítting Technicían 505-636-9751 District I 1625 N. French Dr., Hobbs, NM 88240

District II

District IV

Phone:(575) 393-6161 Fax:(575) 393-0720

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Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

District III 1000 Rio Brazos Rd., Aztec, NM 87410 CONDITIONS

Action 17964

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

CONDITIONS OF APPROVAL

Operator:			OGRID:		Action Number:	Action Type:
ENDURING RESOURCES, LLC	1050 17TH STREET, SUITE 2500	DENVER, CO	80265	372286	17964	C-106
OCD Reviewer		(Condition			
dmcclure		1	None			