

District I (575) 393-6761
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

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 WPX Energy LLC

Address 721 S Main Aztec NM 87410 County San Juan

Lease(s) to be served by this ACT unit L029860001

Pool(s) to be served by this ACT Unit Nageezi Gallup

Location of ACT System:
Unit P Section 32 Township 24N Range 08W

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

NA Date _____

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

NA Date _____

Authorized transporter of oil from this system Western Refining

Transporter's address 3303 North 1st Street, Bloomfield, NM 87413

Maximum expected daily through-put for this system: 300 BBL/D

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 B. Providing adequate available capacity to receive production as required by 19.15.18.15.C(8) NMAC 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?

_____ 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 BBLs.

What is the normal maximum unattended time of lease operation? 16 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 Coriolis Meter

Remarks: This LACT will be selling to trucks, not 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 C-106 does not eliminate necessity of an approved C-104 prior to running any oil or gas from this system.
Signature *Matthew Basye*
Printed Name & Title-Matthew Basye/Production Supervisor
E-mail Address matt.basye@wpxenergy.com
Date 5/1/14 Telephone (505) 333-1802

OIL CONSERVATION DIVISION
Approved by: *Brand Zell*
Title: Deputy Oil and Gas Inspector
Date: 7/17/14

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.

OIL CONS. DIV DIST. 3
MAY 05 2014
Additional items received 7/10/14

- 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.

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
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 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
As Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-35441		2 Pool Code 47540		3 Pool Name NAGEEZI GALLUP	
4 Property Code		5 Property Name CHACO 2408-32P			6 Well Number 114H
7 OGRID No. 120782		8 Operator Name WPX ENERGY PRODUCTION, LLC			9 Elevation 7017'

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
P	32	24N	8W		1203	SOUTH	382	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

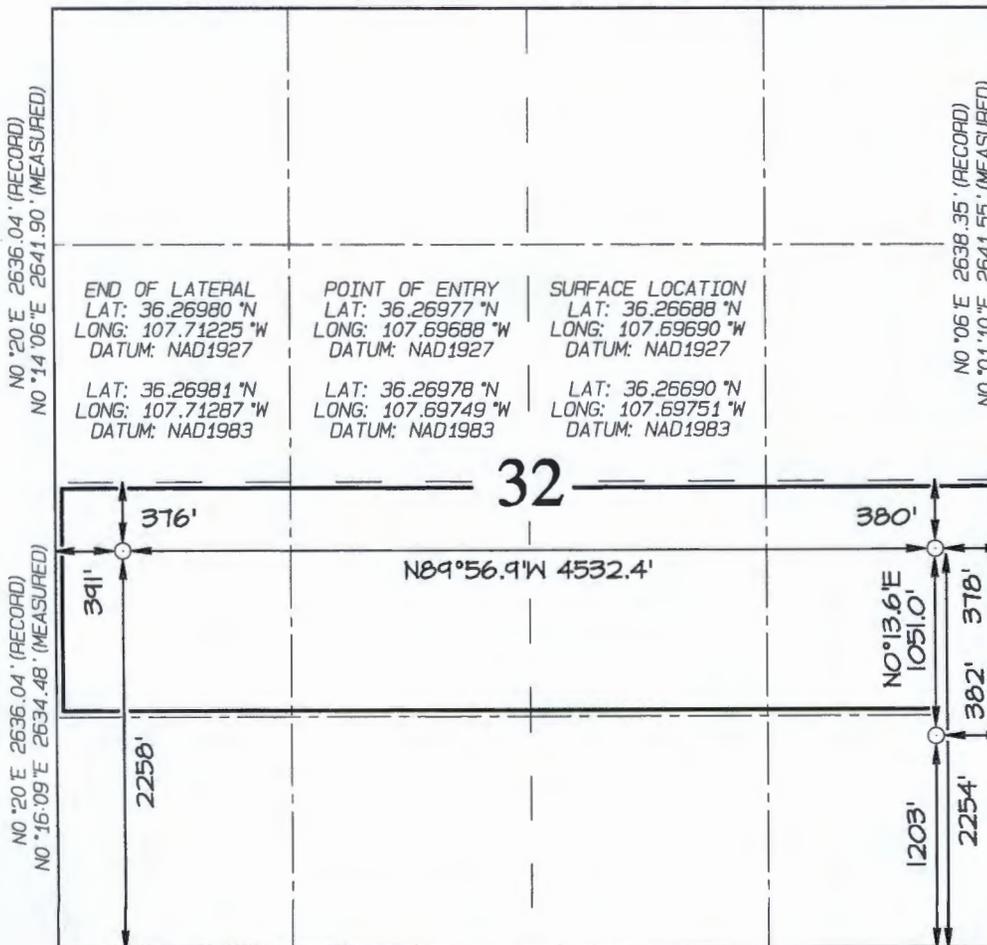
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	32	24N	8W		2258	SOUTH	391	WEST	SAN JUAN

12 Dedicated Acres 160.0 Acres - (N/2 S/2)	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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

16 N89°59'W 2640.99' (RECORD)
S89°59'28"W 2640.71' (MEASURED)

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



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 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.

Larry Higgins 2/25/13
Signature Date
Larry Higgins
Printed Name
larry.higgins@wpxenergy.com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

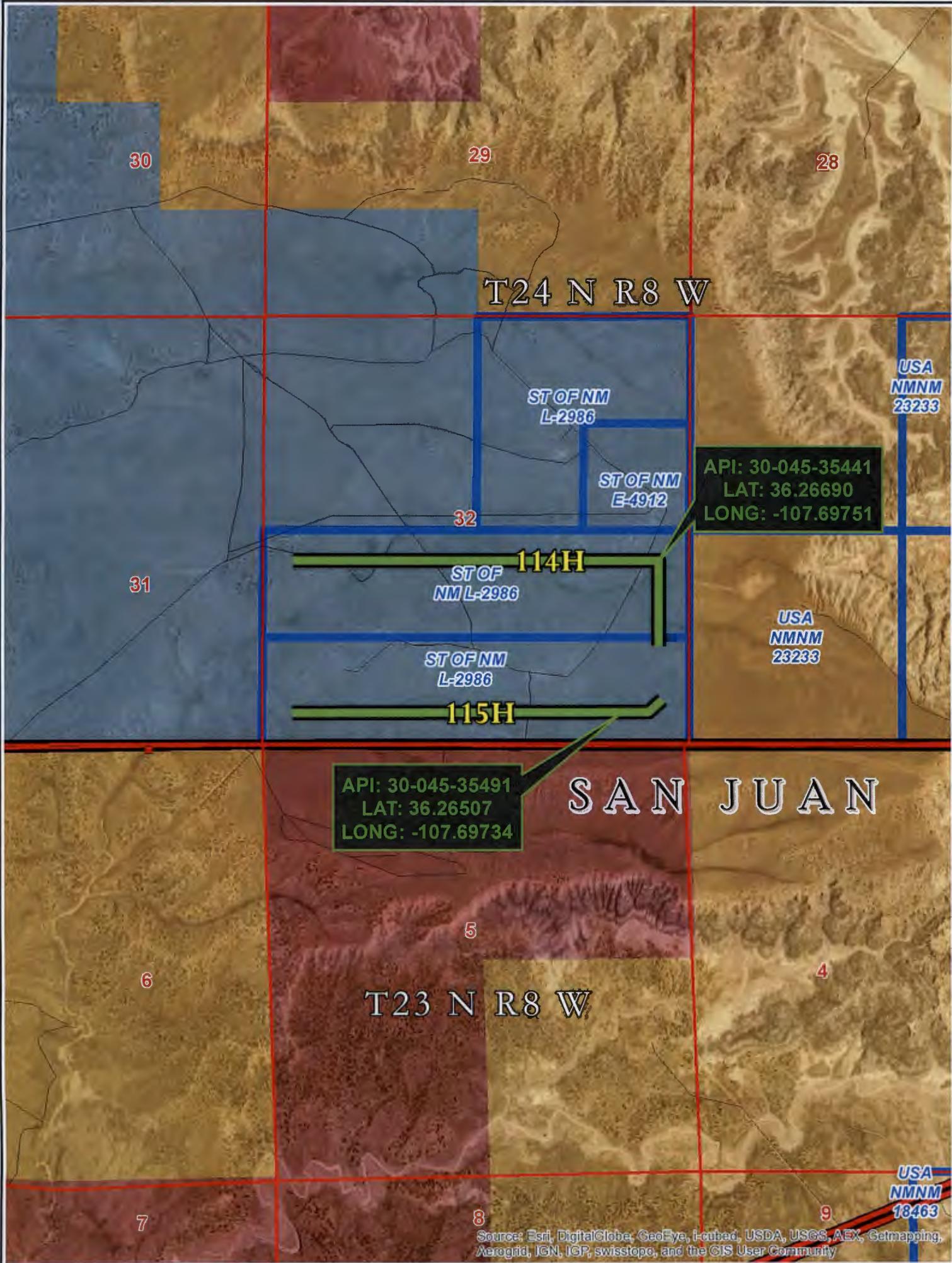
Date Revised: FEBRUARY 22, 2013
Date of Survey: AUGUST 6, 2012
Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

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

S89°59'00"W 2650.73' (MEASURED)
N89°57'W 2651.55' (RECORD)



30

29

28

T24 N R8 W

ST OF NM
L-2986

USA
NMNM
23233

API: 30-045-35441
LAT: 36.26690
LONG: -107.69751

ST OF NM
E-4912

32

31

ST OF
NM L-2986

114H

USA
NMNM
23233

ST OF NM
L-2986

115H

API: 30-045-35491
LAT: 36.26507
LONG: -107.69734

SAN JUAN

5

6

T23 N R8 W

4

7

8

9

USA
NMNM
18463

Basye, Matt

From: White, Randy [Randy.White@wnr.com]
Sent: Friday, May 02, 2014 9:33 AM
To: Hixon, Melinda
Cc: Basye, Matt
Subject: Re: Purchasing oil from WPX LACT facilities

Proved monthly and no other buyers load bbls there while we are buying through the meters.

Sent from my iPhone

On May 2, 2014, at 9:18 AM, "Hixon, Melinda" <Melinda.Hixon@wnr.com> wrote:

We have actively participated in the LACT unit pilot project with WPX on the Chaco #114H CDP and the Chaco #228H CDP battery's and are in agreement on using the LACT as the sales point for these facilities as long as, these LACTS will be proved monthly to comply with regulations.

Randy, are you in agreement? Please respond to Matt and I both

<image002.jpg>
Mindy Hixon(Melinda)
Terminal Manager
Bloomfield New Mexico
505/634-4737 Office
505/320-2307 Cell phone

19.15.18.15.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 third party volumetric prover on a monthly interval and at initial use. 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 a 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.

- All means of escape and measurement of oil 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 third party volumetric prover on a monthly interval and at initial use. 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. 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.

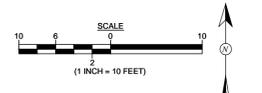
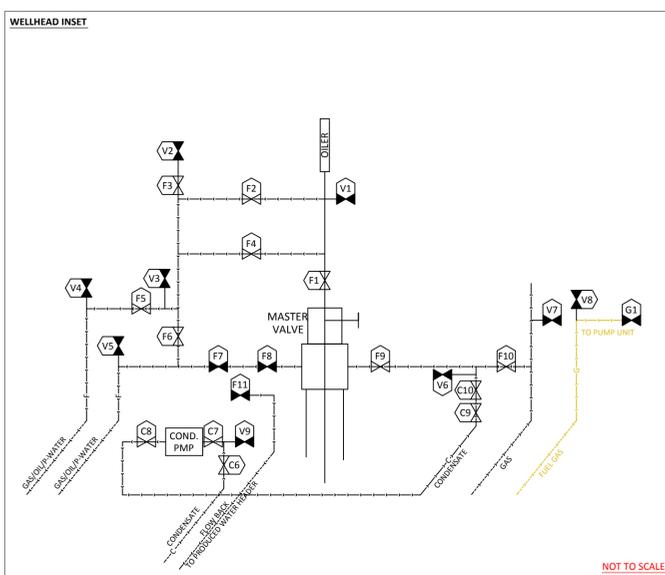
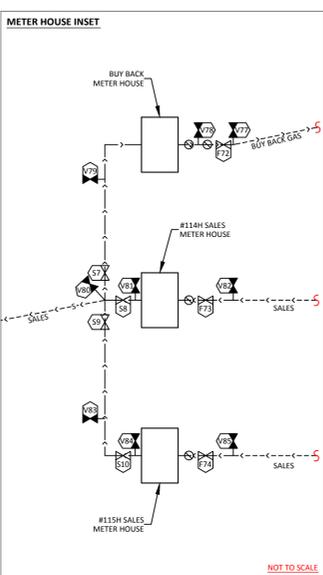
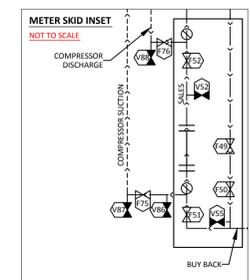
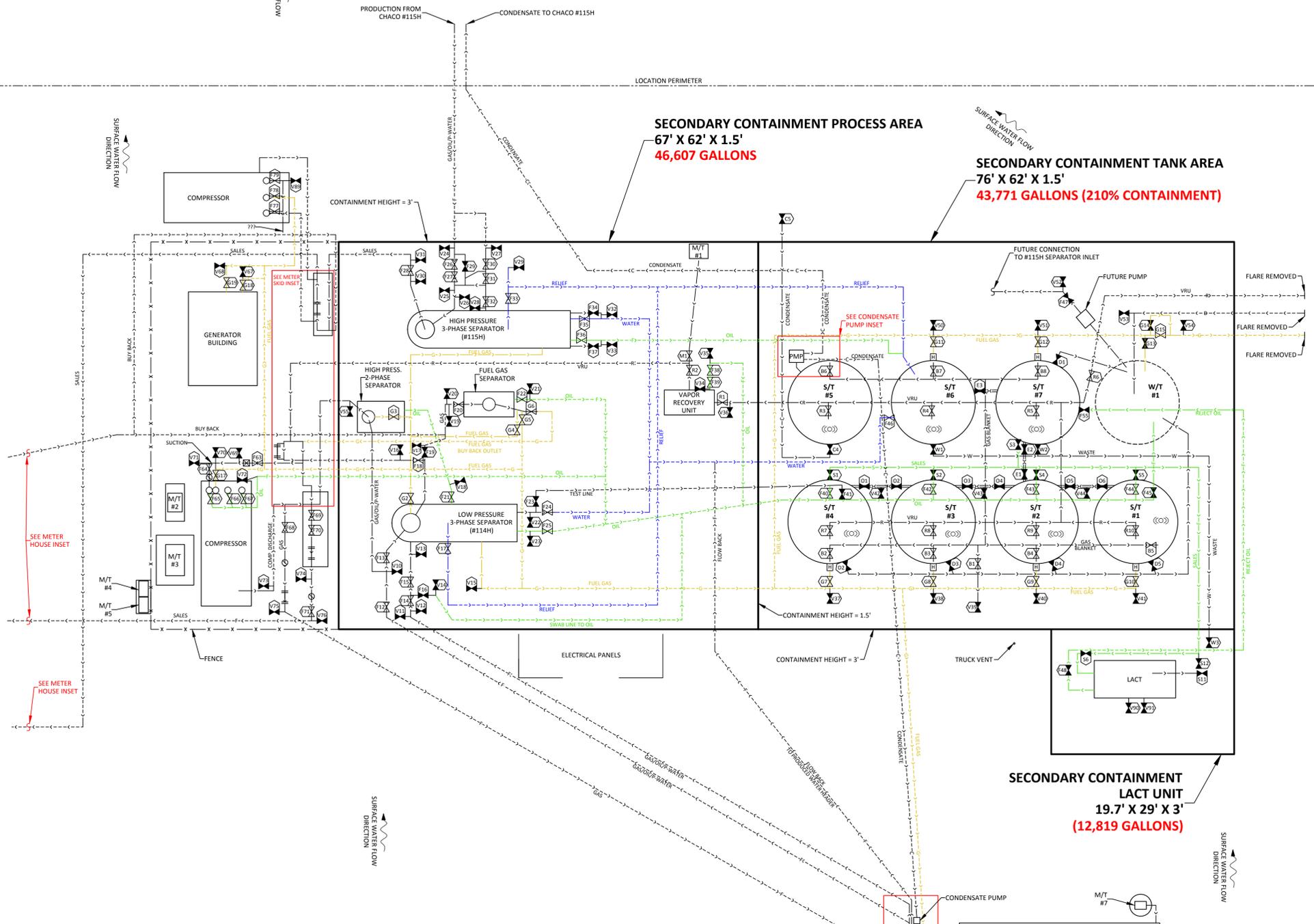
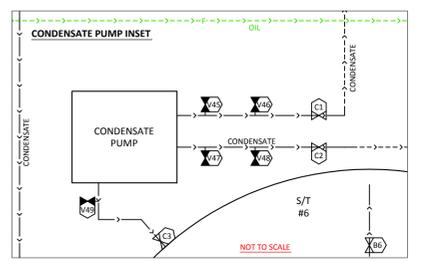
- In the event of power failure, the divert valve mechanically goes to a "failed state" and no longer sales oil but only sends it to the divert tank.
- All of the historized volume data is stored in flow computer memory with battery backup and is also transmitted by SCADA, multiple times a day, to an 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 the 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.

OIL CONS. DIV DIST. 3
JUL 1 0 2014

- 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.
- NA
- (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.
- NA- 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 third party volumetric prover monthly and at initial use. 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 the division requests more frequent verification.
- (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 third party volumetric prover monthly and at initial use. 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 the division requests more frequent verification.
- (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.
- NA

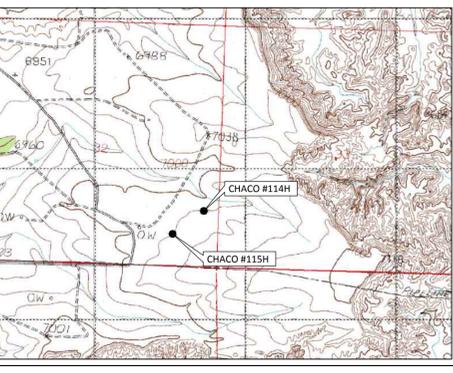
LEGEND	
	Well Head
	Above Grade Equipment
	Below Grade Equipment
	Above Ground Piping with Flow
	Below Ground Piping with Flow
	Secondary Containment
	Manifold Piping with Flow (3 Feet Above Surface)
	Valves (Normally Open)
	Valves (Normally Closed)
	Primary Check Valve
	Meter
	Electric Overfill Alarm
	Heater
	S/T Storage Tank
	W/T Water Tank
	M/T Miscellaneous Tank
	W Waste
	D Drain
	F Fill
	S Sales
	V Vent
	Fuel Gas
	E Equalizer
	Tank Gas Blanket
	Vapor Recovery
	Truck Load
	Condensate
	Overflow
	Truck Gas Blanket On Demand



SPCC Secondary Containment Calculations - 4 or More Tanks									
Site Location: WPA Chaco 2428-327 #114H									
Date: 11/17/2013									
Tank ID: S/T #1, S/T #2, S/T #3, S/T #4, S/T #5, S/T #6									
1. Calculate Tank Volume									
TANK ID	Tank Height (ft)	S/T #1	20						
TANK TYPE	Cylindrical	S/T #1	13.3						
		S/T #2	13.3						
		S/T #3	13.3						
2. Calculate Secondary Containment Area									
METHOD	Inside Length (ft)	76							
	Inside Width (ft)	62							
UNITED	Area (sq ft)	4732							
SHAPE	Area (sq ft)	4732							
3. Calculate Tank Footprint(s) - Do Not Include Largest Tank Within Containment									
RG Below Grade	Tank ID	S/T #1	S/T #2	S/T #3	S/T #4	S/T #5	S/T #6	S/T #7	W/T #1
	Include Tank Footprint?	Yes							
	Tank Diameter (ft)	13.3	13.3	13.3	12	13.3	13.3	13.3	60
	Tank Area (sq ft)	140	140	140	113	140	140	140	2827
	Total Tank Area (sq ft)				113				
4. Subtract Tank Footprint(s) from Containment Area (Do Not Include Largest Tank)									
	Spill Area (sq ft)	4732			113				
	Available Containment Area (sq ft)				4619				
5. Calculate Available Secondary Containment Volume									
	Available Containment Area (sq ft)	4619							
	Height (ft)	1.5							
	Available Containment Volume (cu ft)	6928							
	Conversion Factor	7.48							
	Available Containment Volume (gallons)	51791							
6. Compare Containment Volume to Largest Tank Volume									
	More than 110% containment?	Yes							
	Less than 110% but more than 100% containment?	Yes							
	Less than 100% but more than 50% containment?	Yes							
	Less than 50% containment?	No							
EXISTING CONTAINMENT = 210%									

EQUIPMENT AND STORAGE TANK INFORMATION						
Equipment/Storage Tank ID	Serial No.	Const. Material	Product	Volume & Rate	Dimensions (ft) Diameter (ft)	Height (ft)
S/T #1	236623	Steel	Oil	500 bbl	13.3	20
S/T #2	23663	Steel	Oil	500 bbl	13.3	20
S/T #3	23704	Steel	Oil	500 bbl	13.3	20
S/T #4		Steel	Oil	500 bbl	13.3	20
S/T #5	130052-E	Steel	Condensate	400 bbl	12	20
S/T #6	23715	Steel	P-Water	500 bbl	13.3	20
S/T #7		Steel	Oil	500 bbl	13.3	20
W/T #1		Steel	P-Water/Oil	120 bbl	13	5
M/T #1		Poly.	Methanol	125 gal.	2.33	3
M/T #2		Steel	Lube Oil	33 gal.	1.5	2.5
M/T #3		Steel	Lube Oil	41 gal.	1.67	2.5
M/T #4		Steel	Lube Oil	264 gal.	3	4
M/T #5		Poly.	Methanol	125 gal.	3	4
M/T #6		Poly.	Solvent Paraffin	225 gal.	3	4
M/T #7		Steel	Lube Oil	17 gal.	1.25	1.83
L.P. Sep.	223163	Steel	Mix	3	12	
Fuel Gas Sep.	215188	Steel	Mix	1.33	6	
H.P. Sep.	215150	Steel	Mix	2	8.33	
H.P. Sep. (#115H)	130103A	Steel	Mix	3	20	
Compressor		Steel	Mix		8' W x 20' L	
Compressor		Steel	Mix		8' W x 20' L	
Vapor Recovery Unit	E2248-01	Steel	Mix		4' W x 8' L x 4' H	

Chaco #114H drains to the N off of the location, then approximately 280 feet N to an unnamed wash, then approximately 450 m to another unnamed wash, then approximately 3.1 miles WSW to Kimbeto Wash, then approximately 16 miles SW to Escavada Wash, then approximately 4.2 miles WSW to the Chaco River.



I, Ross Kenemer, personally examined the referenced location on April 27, 2014.

Certification: I hereby certify that I, or the person under my supervision, have examined the location, and being familiar with the provision of 40 CFR 112 attest that this drawing, as an attachment to the referenced SPCC Plan, has been prepared in accordance with good engineering practice.

Signature _____ Registration # _____

CHACO #114H/#115H CDP

WPA ENERGY E1/2 SEC. SECTION 32, T23N, RWB SAN JUAN COUNTY, NEW MEXICO N36.26701, W107.69773	
DRAWN BY: C. Lameman	DATE DRAWN: January 6, 2014
REVISIONS BY: C. Lameman	DATE REVISED: May 4, 2014
CHECKED BY: R. Kenemer	DATE CHECKED: May 4, 2014
APPROVED BY: R. Kenemer	DATE APPROVED: May 4, 2014