

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
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

NMOC
DEC 26 2018
DISTRICT III

Form C-106
Revised August 1, 2011
3-38
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 San Juan

Lease(s) to be served by this ACT Unit: NMMN-135218X (W Escavada Unit)

Pool(s) to be served by this ACT Unit Escavada W; Mancos (98225)

Location of ACT System: Unit M Section 17 Township 22N Range 7W

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

R-14100-A Date 11/30/2017

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

N/A Date N/A

Authorized transporter of oil from this system Enduring Resources IV, LLC

Transporter's address 200 Energy Court, 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 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?

NA Maximum well-head shut-in pressure N/A

If "B" above is checked, how much storage capacity is available above the normal high working level of the

surge tank 150 BBLs.

What is the normal maximum unattended time of lease operation? Sixteen (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 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 [Signature]

Printed Name & Title Lacey Granillo Permit Specialist

E-mail Address lgranillo@enduringresources.com

Date 12/26/18 Telephone (505) 636-9743

OIL CONSERVATION DIVISION

Approved by: [Signature]

Title: Deputy Oil & Gas Inspector, District #3

Date: 1/3/19

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
W ESCAVADA UNIT 305H & 306H, PIPELINE LACT UNIT**

WELLS TO BE SERVED BY PIPELINE LACT UNIT:

- W Escavada Unit 305H / API #30-043-21309/ UNIT M Sec. 17, T22N, R7W, NMPM
- W Escavada Unit 306H / API #30-043-21313/ UNIT M Sec. 17, 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 Measurement of Oil and API MPMS Chapter 4 Proving Systems; 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 Measurement of Oil and API MPMS Chapter 4 Proving Systems; 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 Measurement of Oil and API MPMS Chapter 4 Proving Systems; 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.

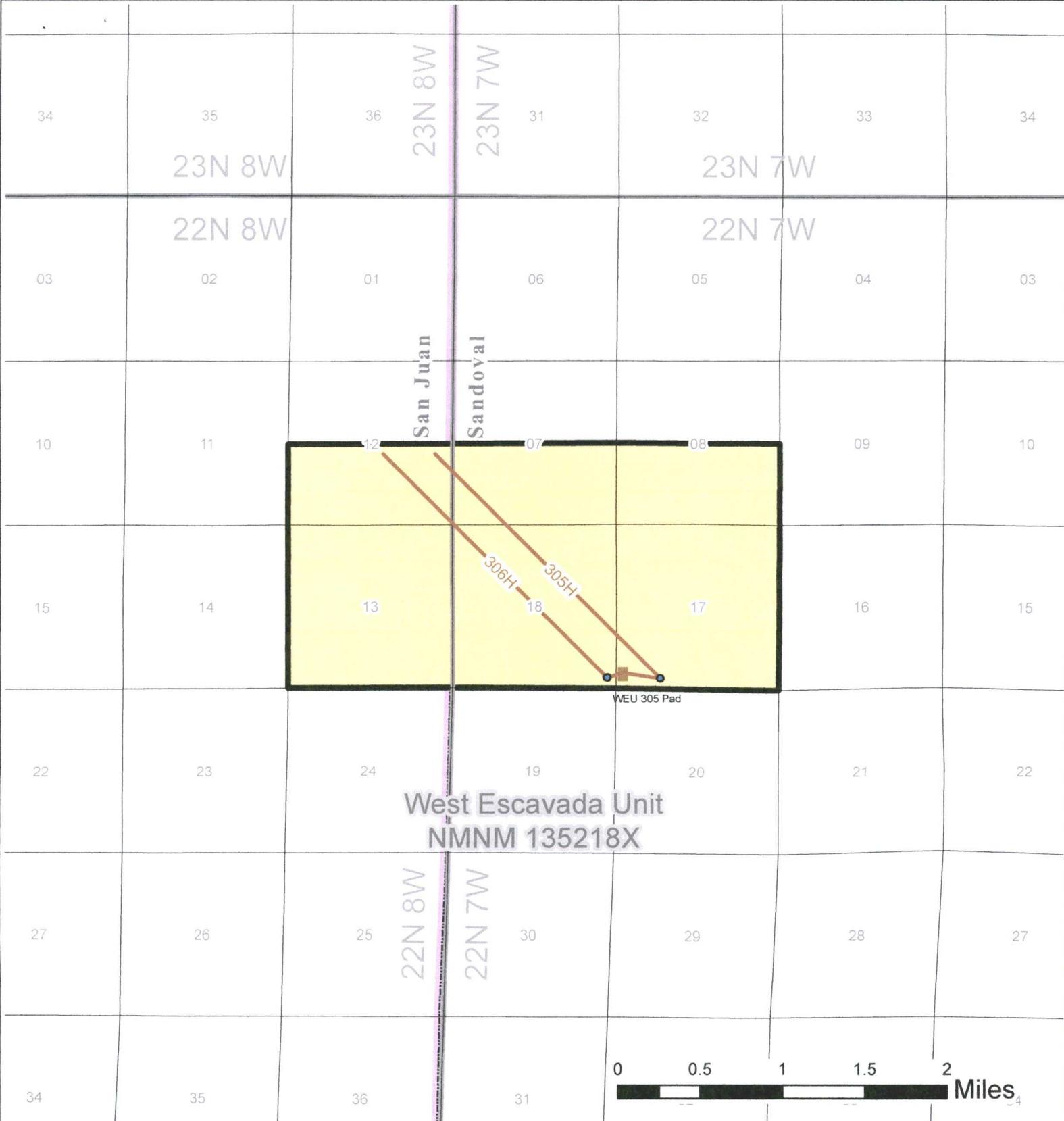
(12) The operator of the ACT system shall check the measuring and recording devices of ACT systems for accuracy at least once each month unless it has obtained an exception to such determination from the division. Where applicable, the operator of the ACT system shall use API standard 1101, Measurement 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 Measurement of Oil and API MPMS Chapter 4 Proving Systems; 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.*

(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.



	Point of Entry		Section
	Laterals		Township
	Pad		County Line
			Approved Unit

WEU 305 Pad
Lease Plat Map
 San Juan and
 Sandoval Counties, NM



Scale (absolute) -
 1:50,000

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

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811 S. First Street, Artesia, NM 88210
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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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-043-21309		² Pool Code 98225	³ Pool Name ESCAVADA W; MANCOS
⁴ Property Code 321258	⁵ Property Name W ESCAVADA UNIT		⁶ Well Number 305H
⁷ GRID No. 372286	⁸ Operator Name ENDURING RESOURCES, LLC		⁹ Elevation 6805'

¹⁰ Surface Location

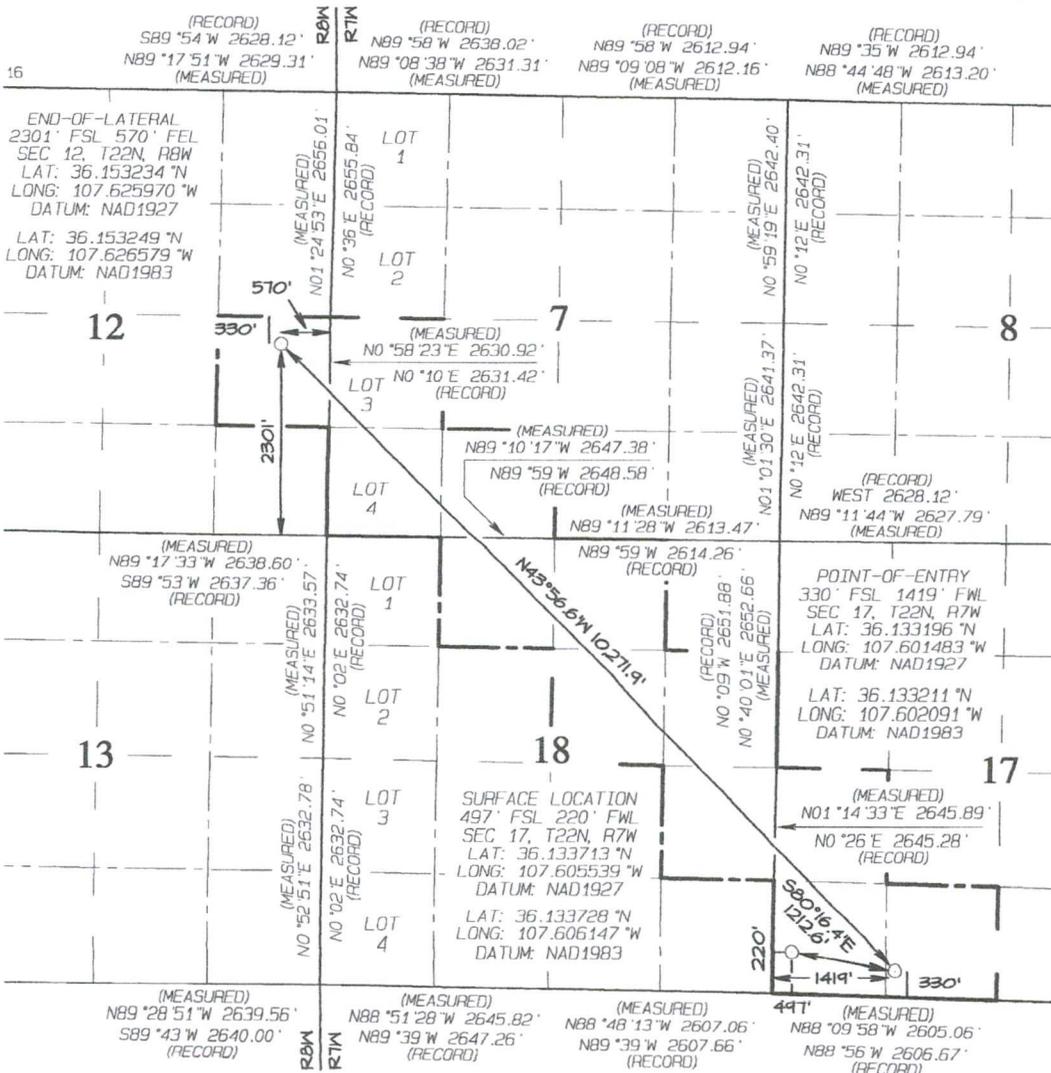
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	22N	7W		497	SOUTH	220	WEST	SANDOVAL

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
I	12	22N	8W		2301	SOUTH	570	EAST	SAN JUAN

¹² Dedicated Acres 481.94	NE/4 SE/4 - Section 12 NE/4 SE/4, SE/4 NE/4 W/2 NE/4, NE/4 NW/4, - Section 18 W/2 SW/4, SE/4 SW/4 - Section 17 W/2 SW/4, SE/4 SW/4 - Section 7	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-14100
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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



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.

Signature: *Raymond J. Garcia* Date: 12/22/18
Printed Name: Raymond J. Garcia
E-mail Address: raymond.garcia@enduringresources.com

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: NOVEMBER 16, 2018
Survey Date: OCTOBER 7, 2015

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

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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

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21313		*Pool Code 98225	*Pool Name ESCAVADA W; MANCOS
*Property Code 321258	*Property Name W ESCAVADA UNIT		*Well Number 306H
*OGRID No. 372286	*Operator Name ENDURING RESOURCES, LLC		*Elevation 6805'

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
M	17	22N	7W		517	SOUTH	220	WEST	SANDOVAL

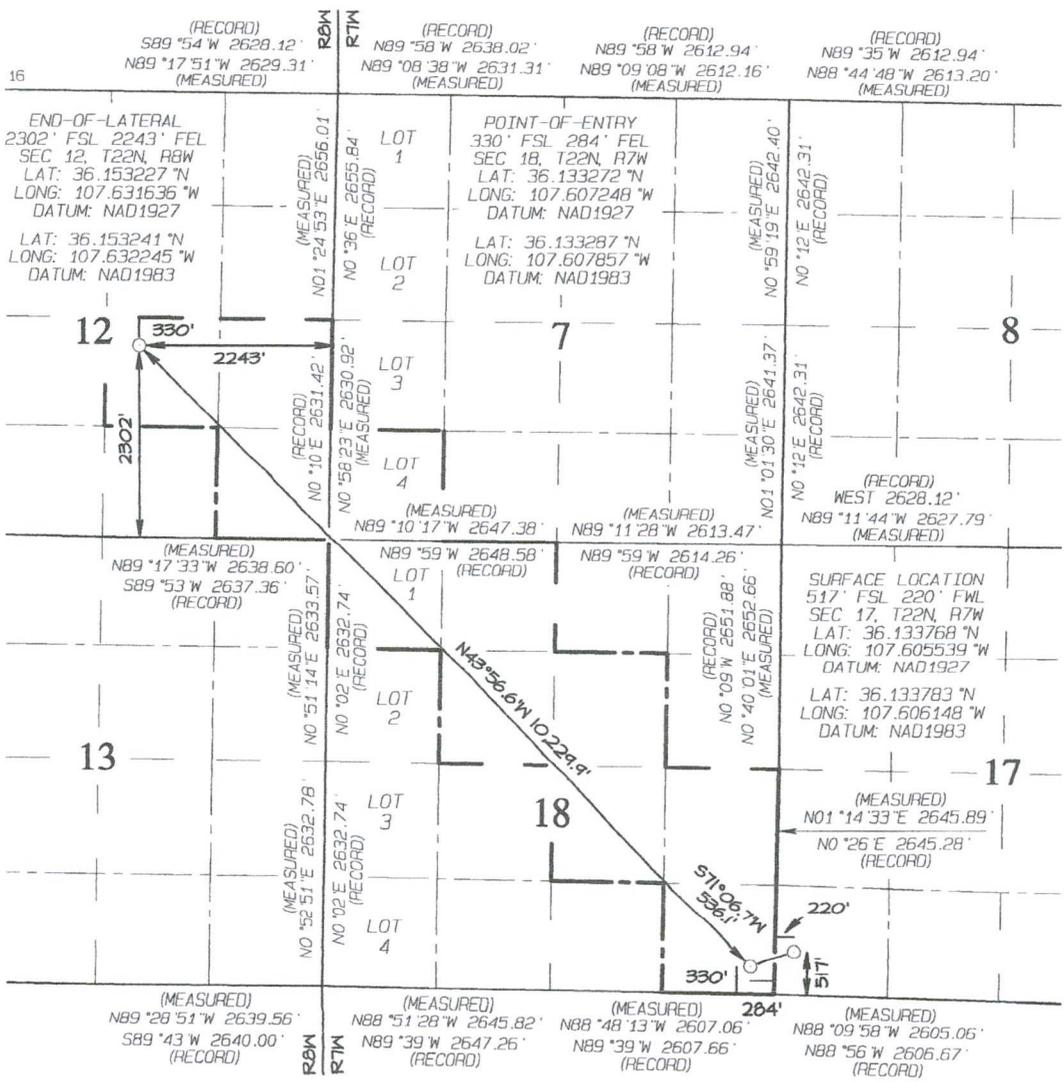
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	12	22N	8W		2302	SOUTH	2243	EAST	SAN JUAN

¹² Dedicated Acres 442.06
N/2 SE/4, SE/4 SE/4 - Section 12
SW/4 SW/4 - Section 7
NW/4 NW/4, E/2 NW/4, SW/4 NE/4
N/2 SE/4, SE/4 SE/4 - Section 18

¹³ Joint or Infill ¹⁴ Consolidation Code ¹⁵ Order No.
R-14100

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



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.

[Signature] 2/22/18
Signature Date
Lacey Chanino
Lepanto Drilling Resources
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.

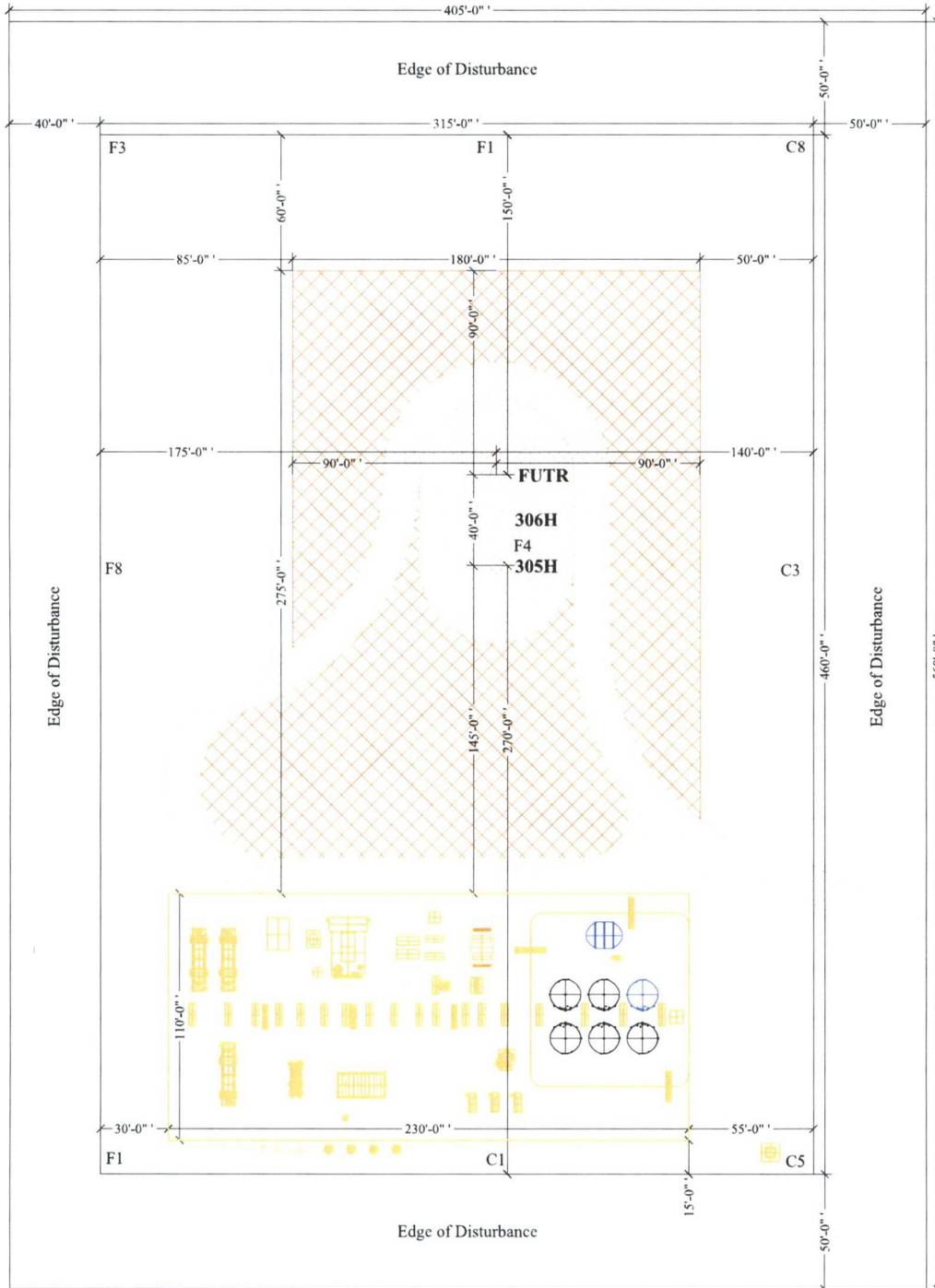
Date Revised: NOVEMBER 16, 2018
Survey Date: OCTOBER 7, 2015

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

Enduring Resources IV, LLC's W Escavada Unit 305H Well Pad Facility Diagram
Section 17, T22N, R7W, NMPM Sandoval County, New Mexico



Lacey Granillo

From: Andrea Felix
Sent: Wednesday, December 26, 2018 6:44 AM
To: Lacey Granillo
Cc: Casey Haga
Subject: Re: W Escavada Unit 305H C-106 Letter From Transporter

Lacey,

I approved the use of the W Escavada Unit 305H Pad Pipeline Transfer LACT as described below.

Thank you,

Andrea Felix
Regulatory Manager
Enduring Resources

Sent from my iPhone

On Dec 26, 2018, at 6:41 AM, Lacey Granillo <LGranillo@enduringresources.com> wrote:

Andrea,

As part of Enduring Resources IV, LLC's (Enduring) W Escavada Unit 305H Pad Pipeline Transfer LACT Unit C-106 LACT application to the NMOCD Aztec office, Enduring needs an approved letter from transporter. For this particular LACT unit, Enduring will be the transporter of product downstream of the LACT unit to an existing tie-in to Andeavor. This LACT Unit will be the official measurement point for sales with a Coriolis check meter downstream at tie-in for verification and pipeline monitoring. Does Enduring approve of utilizing a LACT unit on the W Escavada Unit 305H Pad as the measurement point for sales for the below listed wells and transporting their own product downstream to tie-in? Pipeline Transfer LACT equipment for the below listed wells will be located on Enduring's W Escavada Unit 305H pad. LACT will be proved per regulatory requirements.

WELLS TO BE SERVED BY PIPELINE LACT UNIT:

- **W Escavada Unit 305H / API #30-043-21309/ UNIT M Sec. 17, T22N, R7W, NMPPM**
- **W Escavada Unit 306H / API #30-043-21313/ UNIT M Sec. 17, T22N, R7W, NMPPM**

Thank you,

Lacey Granillo

Permitting Specialist

Enduring Resources

200 Energy Ct

Farmington NM 87401

(O) 505-636-9743

(C) 505-947-1704

lgranillo@enduringresources.com

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