

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

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

DISTRICT III  
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-106  
Revised 4-1-91

## OIL CONSERVATION DIVISION

2040 Pacheco St.

Santa Fe, NM 87505

ACT Permit No. \_\_\_\_\_

### NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Operator Penwell Energy, Inc.

Address 600 N. Marienfeld, Ste. 1100, Midland, TX 79701 County Midland

Lease(s) to be served by this ACT Unit West Shugart "30" Federal #1

Pool(s) to be served by this ACT Unit North Shugart Morrow & West Shugart Wolfcamp

Location of ACT System: Unit F Section 30 Township 18S Range 31E

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

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

Date \_\_\_\_\_

Authorized transporter of oil from this system Texas-New Mexico Pipeline Company

Transporter's address \_\_\_\_\_

Maximum expected daily through-put for this system: 300 Bbls/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 1000 BBLs.

What is the normal maximum unattended time of lease operation? Twenty-Four (24) 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 above information is true and complete to 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-104 prior to running any oil or gas from this system.

Signature John T. Gray

Printed Name & Title John T. Gray-Prod. Mgr.

Date 12/17/97 Telephone 915-683-2534

#### OIL CONSERVATION DIVISION

Approved by: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

INSTRUCTIONS: Submit 4 copies of Form C-106 with following attachments to appropriate district office. See Rule 309-A.

- 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.