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

45-35550
45-35549
45-35551
45-35548

Form C-106
Revised August 1, 2011

ACT Permit No.

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Operator WPX Energy Production, LLC

Address 721 S. Main, Aztec, NM 87410 County San Juan

Lease(s) to be served by this ACT Unit NMNM 110324

Pool(s) to be served by this ACT Unit Basin Mancos

Location of ACT System: Unit H Section 24 Township 23N Range 8W

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

N/A Date

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

N/A Date

OIL CONS. DIV DIST. 3

AUG 26 2015

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: 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?

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? 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 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

Printed Name & Title Russell Knight, Operations Superintendant

E-mail Address russell.knight@wpxenergy.com

Date Telephone (505) 333-1842

OIL CONSERVATION DIVISION

Approved by:

Title: DEPUTY OIL & GAS INSPECTOR DISTRICT #3

Date: 10/2/15

Check w/ Engineering Bureau to ensure surface commingle is not required.

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.

12

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1625 N. French Drive, Hobbs, NM 88240
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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

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

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-045-35550	97232	BASIN MANCOS

[4] Property Code	[5] Property Name	[6] Well Number
	CHACO 2308-24H	153H

[7] OGRID No.	[8] Operator Name	[9] Elevation
120782	WPX ENERGY PRODUCTION, LLC	6894'

[10] Surface Location

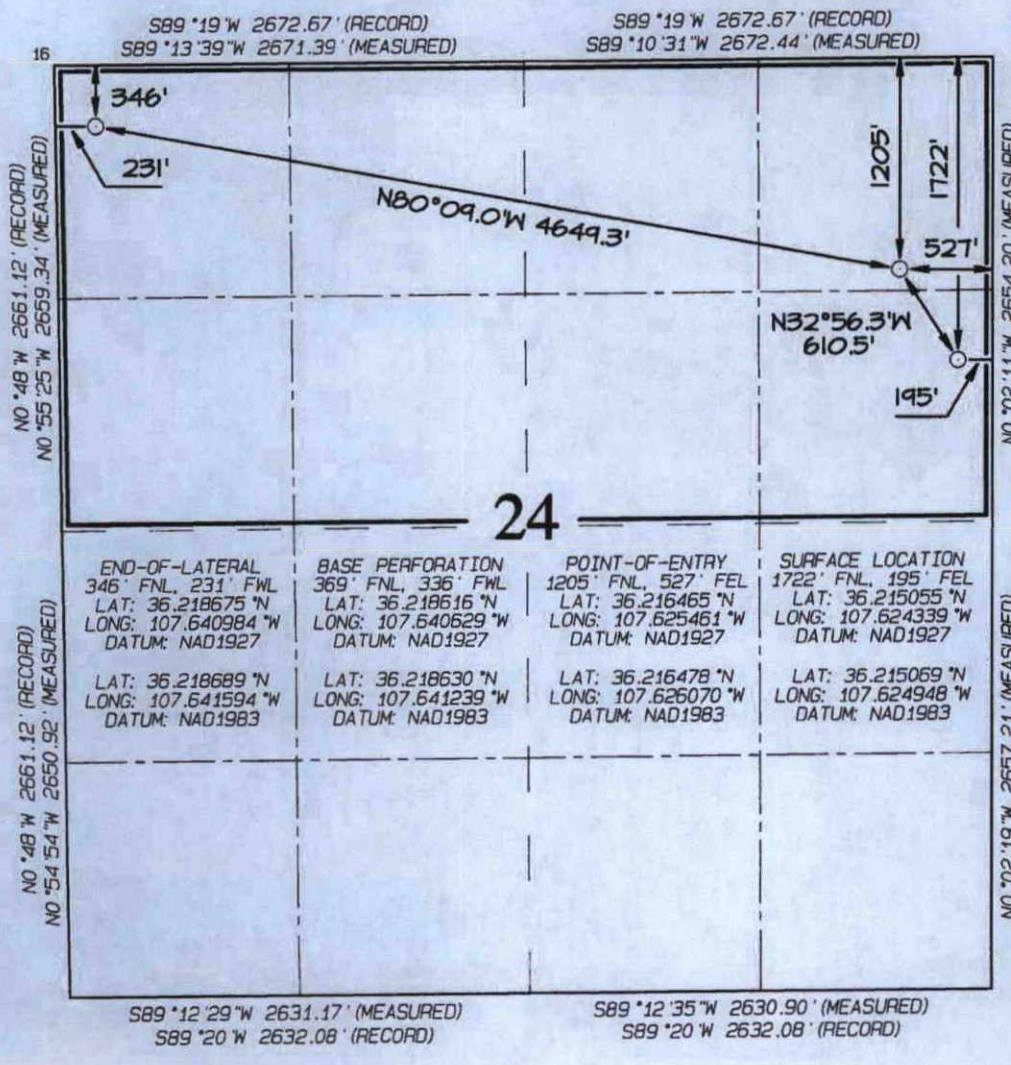
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	23N	8W		1722	NORTH	195	EAST	SAN JUAN

[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
D	24	23N	8W		346	NORTH	231	WEST	SAN JUAN

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320.0 Acres N/2 - Section 24			

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 Date

Printed Name

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: MARCH 19, 2015
Survey Date: SEPTEMBER 12, 2013

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS

Certificate Number 15269

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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-35549	97232	BASIN MANCOS

4 Property Code	5 Property Name	6 Well Number
	CHACO 2308-24H	154H

7 OGRID No.	8 Operator Name	9 Elevation
120782	WPX ENERGY PRODUCTION, LLC	6894'

10 Surface Location

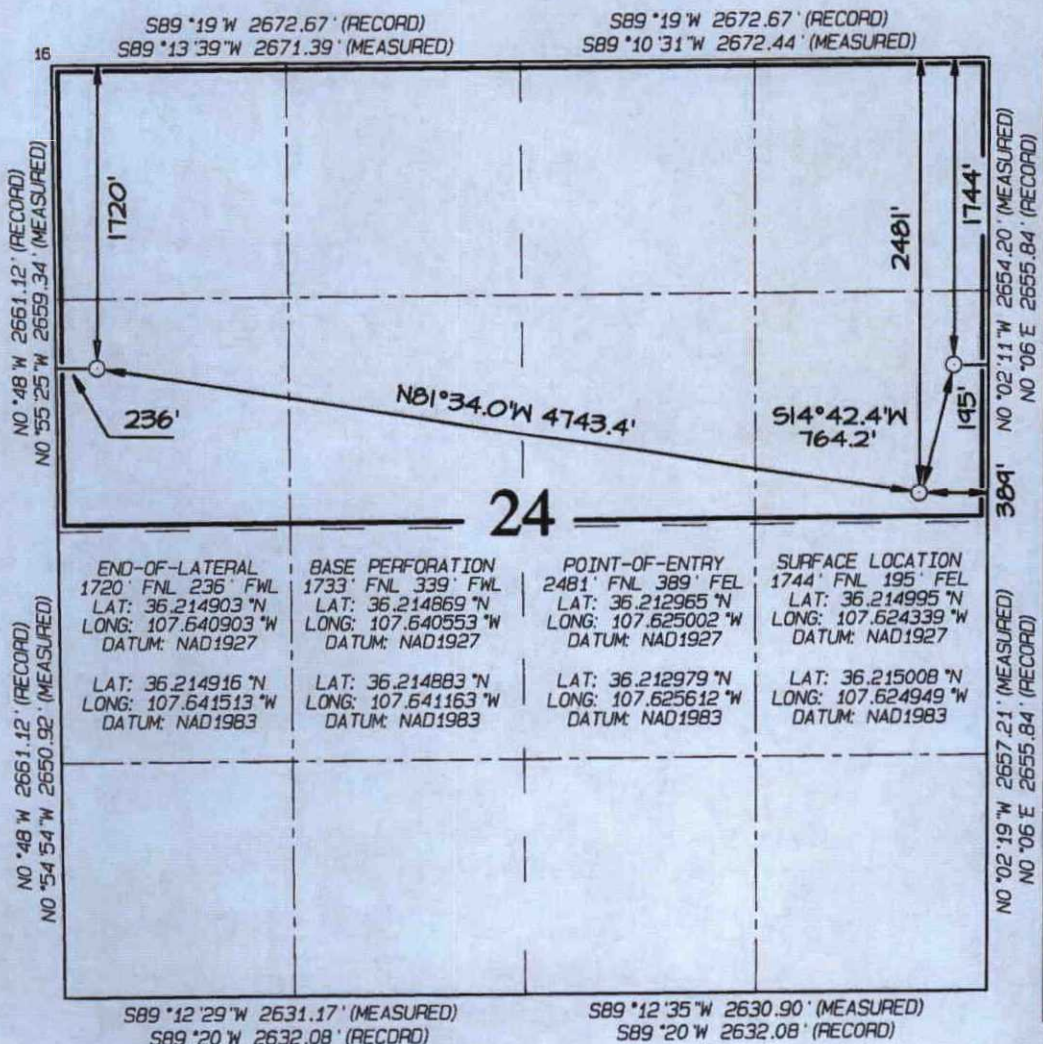
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	24	23N	8W		1744	NORTH	195	EAST	SAN JUAN

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
E	24	23N	8W		1720	NORTH	236	WEST	SAN JUAN

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320.0 Acres N/2 - Section 24			

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

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Signature Date

Printed Name

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: MARCH 19, 2015
Survey Date: SEPTEMBER 12, 2013

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011

Submit one copy to Appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-35551	97232	BASIN MANCOS

4 Property Code	5 Property Name	6 Well Number
	CHACO 2308-24I	155H

7 OGRID No.	8 Operator Name	9 Elevation
120782	WPX ENERGY PRODUCTION, LLC	6884'

10 Surface Location

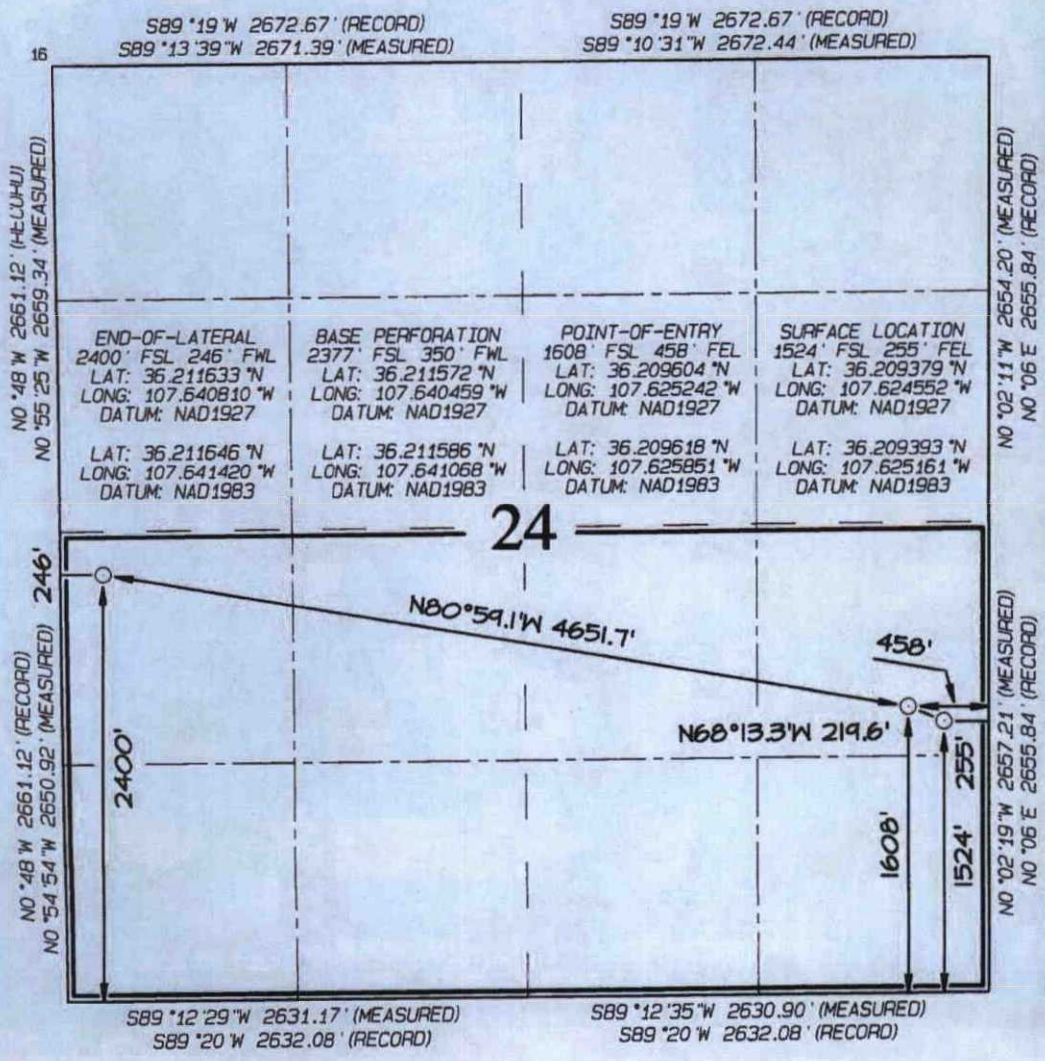
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	24	23N	8W		1524	SOUTH	255	EAST	SAN JUAN

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	24	23N	8W		2400	SOUTH	246	WEST	SAN JUAN

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320.0 Acres S/2 - Section 24			

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 Date

Printed Name

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: APRIL 16, 2015
Survey Date: AUGUST 30, 2013

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS

Certificate Number 15269

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State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-045-35548	97232	BASIN MANCOS

[4] Property Code	[5] Property Name	[6] Well Number
	CHACO 2308-24I	156H

[7] OGRID No.	[8] Operator Name	[9] Elevation
120782	WPX ENERGY PRODUCTION, LLC	6884'

[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
I	24	23N	8W		1524	SOUTH	233	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
M	24	23N	8W		1224	SOUTH	255	WEST	SAN JUAN

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320.0 Acres S/2 - Section 24			

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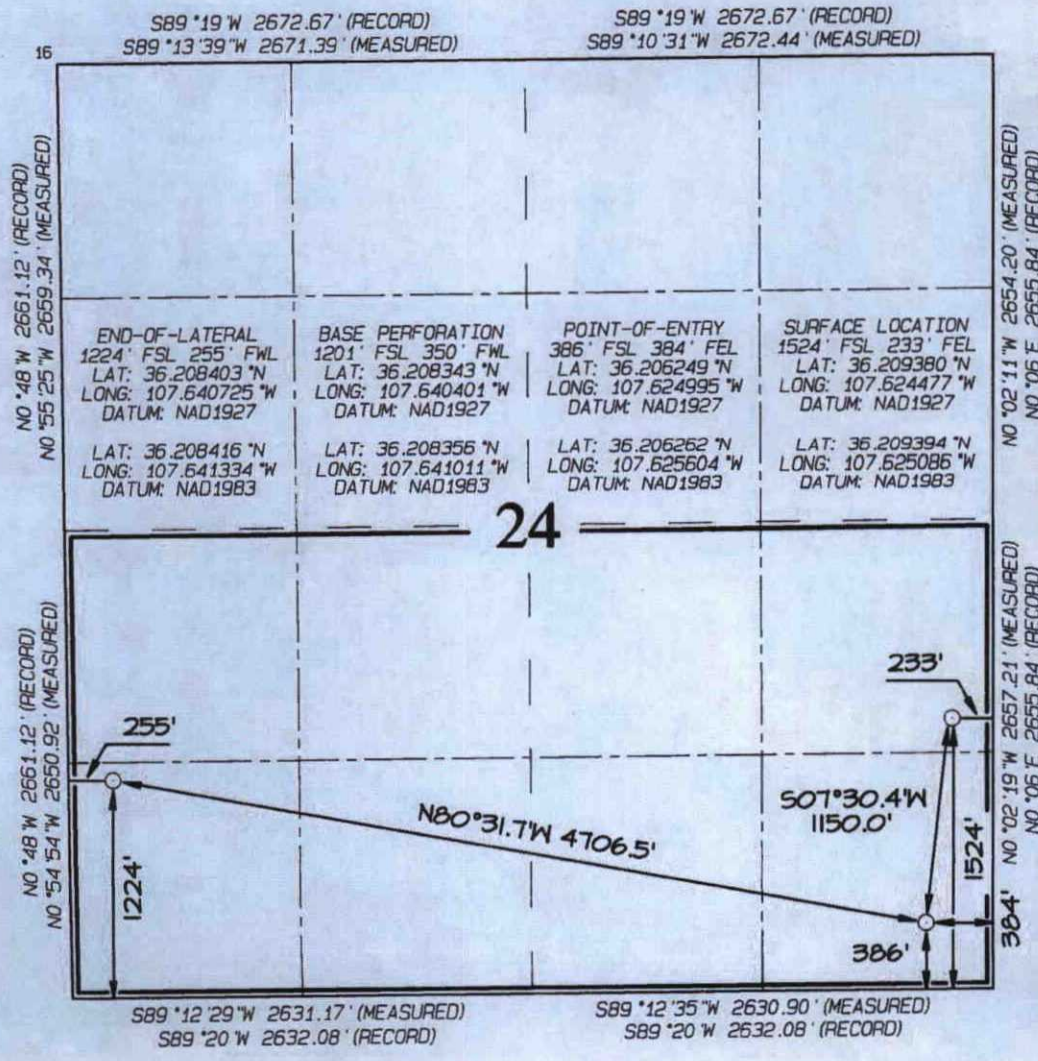

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Signature Date

Printed Name

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: APRIL 2, 2015
Survey Date: AUGUST 30, 2013

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS

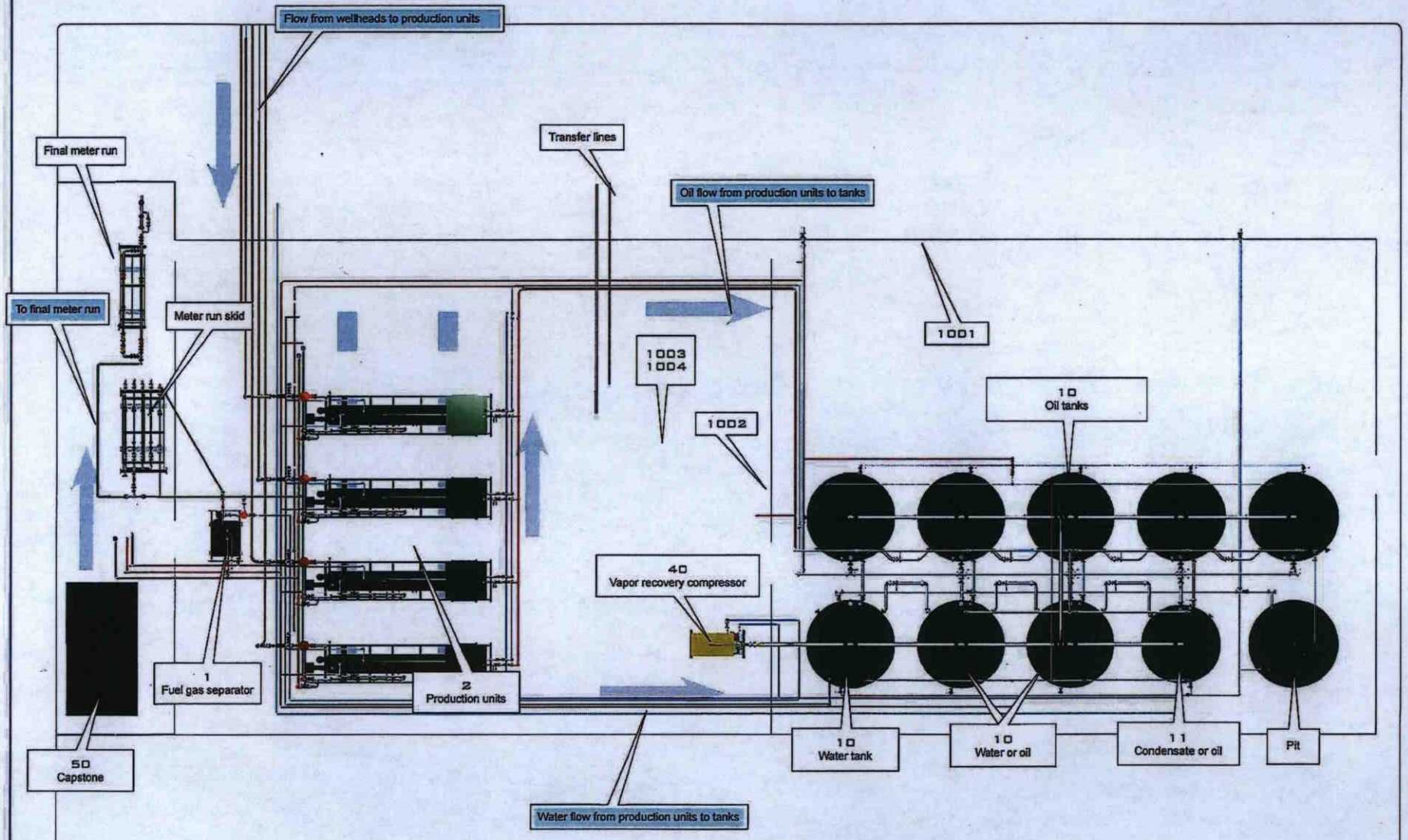
Certificate Number 15269

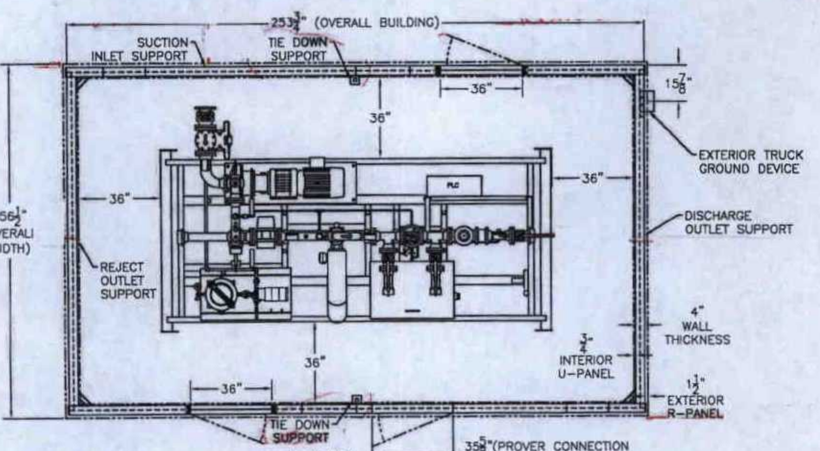
DRAFT

P2.1

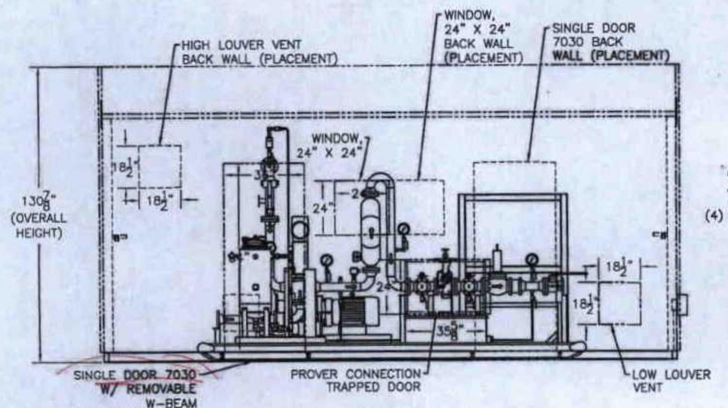
FACILITY LAYOUT

Description and notes.

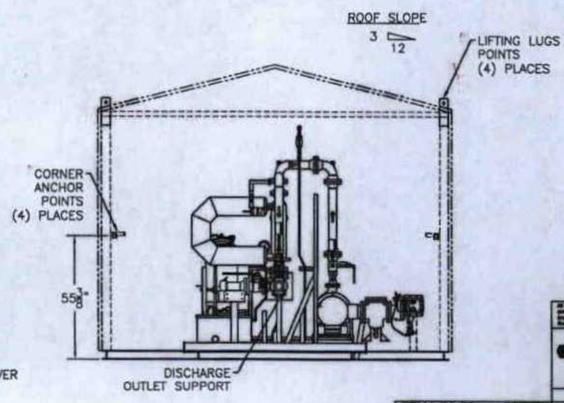




PLAN VIEW



ELEVATION VIEW



SIDE VIEW

NOTES:

SKID, WIDE FLANGED BEAM 4" 13.0# LONG RUNNERS.
GUSSETS, PLATE 1/2" X 6" X 6" ALL (4) SIDES.
BUILDING, WALLS PURLIN CHANNEL, 14 GA. X 2" X 4" FRAMING.
ROOF STRUCTURE, SQUARE TUBING, 1/8" X 2" X 2"
GABLE STYLE ROOF. FOUR POINTS LIFTING LUGS LOCATION.
(EXTERIOR R-PANEL 26GA. NOT SHOWN BUT INCLUDED)
(INTERIOR U-PANEL 29GA. NOT SHOWN BUT INCLUDED)
(INTERIOR WALL INSULATION ONE (1) LAYER OF 2" FIBERGLASS WITH LINGER, R13 VALUE.)
(INTERIOR ROOF INSULATION ONE (1) LAYER OF 2" FIBERGLASS WITH LINER, R13 VALUE.)

EQUIPMENT®
MANUFACTURING
2250 NORTH FIRST STREET
BLOOMFIELD, NEW MEXICO 87413

C&J EQUIPMENT MANUFACTURING

WPX- LACT SET OVER BUILDING
PLAN & ELEVATION LAYOUT

0	71?26	4/21/14	

DRAWN BY:	SDN	DATE: 09/17/13	DRAWING NO.: WPX-NA-01	
CHK'D BY:		SCALE: –	PRINT DATE: 4/21/14	REV.
APPROVED BY:		SHEET: 1 OF 1		

Lopez, Chris

From: Hixon, Melinda [Melinda.Hixon@wnr.com]
Sent: Friday, August 21, 2015 7:04 AM
To: Chris Lopez
Cc: VanDenBerg, Randy; Knight, Russell; Jordan, Robert; Lepich, Mark; Riley, Heather; Felix, Andrea; Richardson, Jason; White, Randy; Collier, Howard; Royce, Rusty
Subject: Utilization of ACT system on Chaco #153H/154

We have actively participated in the LACT unit pilot project with WPX on the Chaco #114H CDP and are in agreement to the use of the LACT unit off of the Chaco #114 H CDP on the Chaco 2308-24H #153H/154H. We 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.

Mindy Hixon

Mindy Hixon
Terminal Manager
3303 N. 1st street
Bloomfield, NM 87413
Cell 505/320-2307
Office 505/634-4737
Melinda.Hixon@wnr.com

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT
CHACO 2308-24H #153H/#154H TRUCK LACT UNIT

WELLS TO BE SERVED BY TRUCK LACT UNIT:

- **CHACO 2308-24H #153H / API #30-045-35550 / UNIT H (SE/NE) Sec. 24, T23N, R8W, NMPM**
- **CHACO 2308-24H #154H / API #30-045-35549 / UNIT H (SE/NE) Sec. 24, T23N, R8W, NMPM**
- **CHACO 2308-24I #155H / API #30-045-35551 / UNIT I (NE/SE) Sec. 24, T23N, R8W, NMPM**
- **CHACO 2308-24I #156H / API #30-045-35548 / UNIT I (NE/SE) Sec. 24, T23N, R8W, 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 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 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 <u>Measurement of Oil</u> and API MPMS Chapter 4 <u>Proving Systems</u>; 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 "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 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.***

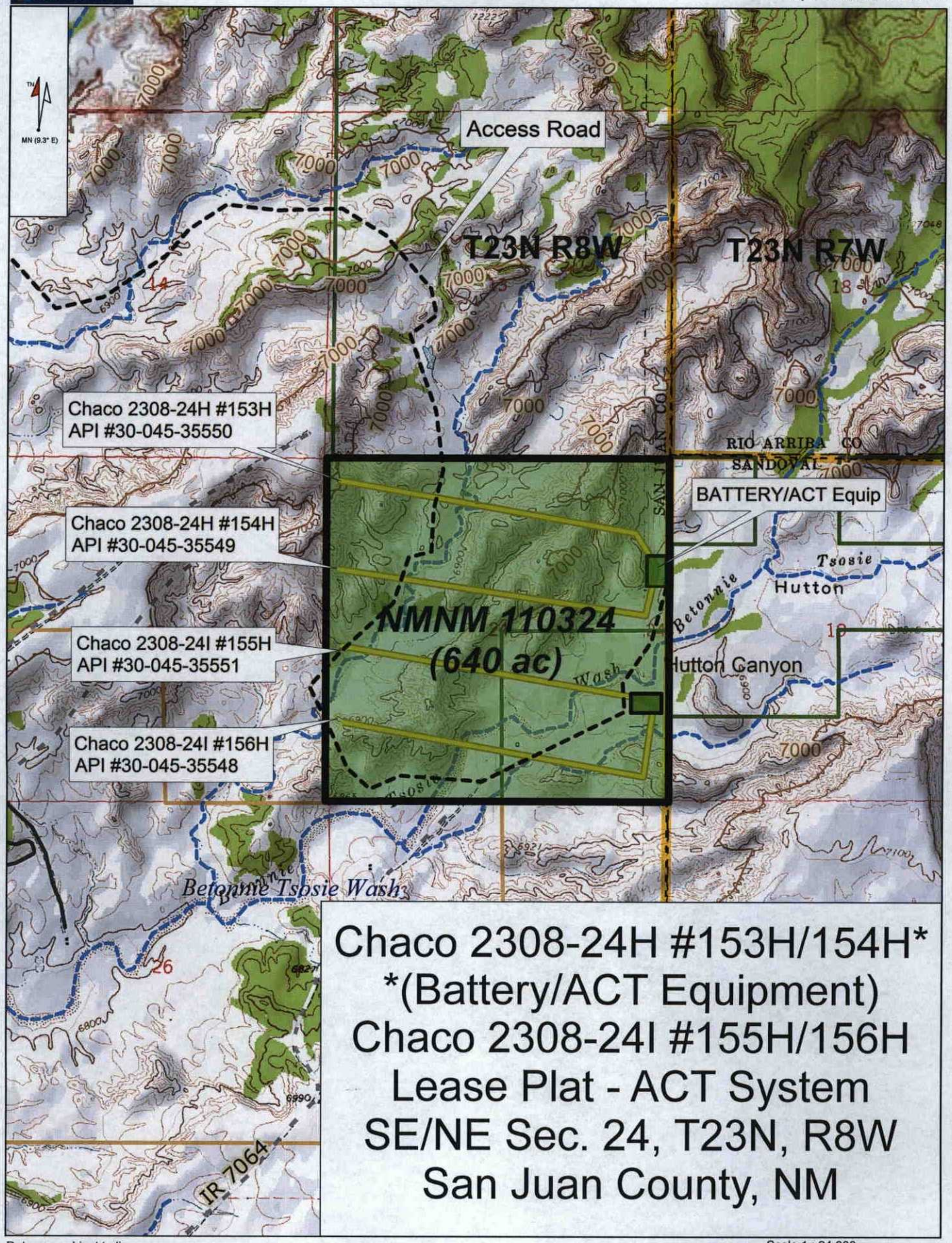
(12) The operator of the ACT system shall check the measuring and recording devices of ACT systems for accuracy at least once each month unless it has obtained an exception to such determination from the division. Where applicable, the operator of the ACT system shall use API standard 1101, Measurement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

(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.



Chaco 2308-24H #153H/154H*
*(Battery/ACT Equipment)
Chaco 2308-24I #155H/156H
Lease Plat - ACT System
SE/NE Sec. 24, T23N, R8W
San Juan County, NM

Scale 1 : 24,000
1" = 2,000.0 ft
Data Zoom 12-1