

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

ACT Permit No. _____

NOTICE OF INTENTION TO UTILIZE AUTOMATIC CUSTODY TRANSFER EQUIPMENT

Operator SOUTHLAND ROYALTY COMPANYAddress P.O. BOX 51810 MIDLAND, TEXAS 79710-1810 County MIDLANDLease(s) to be served by this ACT Unit FEDERAL '21' AND FEDERAL MA WELL NO(S) 9 & 10Pool(s) to be served by this ACT Unit WEST CORBIN DELAWARE, SOUTH CORBIN WOLFCAMP, SOUTH CORIN BONE SPRLocation of ACT System: Unit K Section 21 Township 18S Range 33E

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

PLC-98Date 1/28/93

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 TX-NM PIPELIN COMPANY, P.O. BOX 2528 HOBBS, NM 88240

Transporter's address _____

Maximum expected daily through-put for this system: _____ 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 1200 BBLS.What is the normal maximum unattended time of lease operation? 20 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: ADDING THE FEDERAL MA # 10 TO THE EXISTING SYSTEM.

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 Donna WilliamsPrinted Name & Title DONNA WILLIAMS, PROD. ASSTDate 1/21/94 Telephone 915-688-6943

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

BLM-CARLSBAD

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

SOUTHLAND ROYALTY COMPANY

3. Address and Telephone No.

P.O. Box 51810 Midland, TX 79710

915-688-6943

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

BATTERY LOCATION:

K, SEC. 21, T18S, R33E

5. Lease Designation and Serial No.

NM 0997

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No. FEDERAL 21

2 BATTERY

9. API Well No.

10. Field and Pool, or Exploratory Area

11. County or Parish, State
LEA COUNTY, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other AMEND SURFACE
COMMINGLING PERMIT
- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recommendation Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

SOUTHLAND ROYALTY COMPANY RESPECTFULLY REQUESTS APPROVAL TO AMEND THE SURFACE COMMINGLING, MEASUREMENT APPROVAL, AND OFF-LEASE STORAGE OF HYDROCARBON PRODUCTION FROM THE WEST CORBIN DELAWARE, AND SOUTH CORBIN WOLFCAMP POOLS AND FURTHERMORE, ADD THE SOUTH CORBIN BONE SPRING POOL TO THE EXISTING ORDER FROM THE FEDERAL 21 COM LEASE (NM 0997), FEDERAL 21 LEASE (NM 61605), AND THE FEDERAL MA WELL NO. 9 AND OUR NEW WELL, THE FEDERAL MA # 10 (BONE SPRING PRODUCTION) (NM 0997)

SEE ATTACHED INFORMATION.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

of pages one

To: David Catanach From: Shannon Shaw
Dept./Agency NMOC D - S.F. Phone # (505) 887-6544
Fax # (505) 827-5741 Fax # (505) 885-9264
NSN 7540-01-317-7368 5098-101 GENERAL SERVICES ADMINISTRATION

14. I hereby certify that the foregoing is true and correct

Signed DONNA WILLIAMS

Title PRODUCTION ASSISTANT

Date 1/21/94

(This space for Federal or State office use)

Approved by Adam Williams

Title Petroleum Engineer

Date 2/2/94

Conditions of approval, if any:

**APPLICATION TO AMEND SURFACE COMMINGLING, AND MEASUREMENT APPROVAL
FOR THREE POOLS .**

**TO: BUREAU OF LAND MANAGEMENT
P.O. BOX 1778
CARLSBAD, NEW MEXICO 88221-1778**

**MERIDIAN OIL INC. IS REQUESTING APPROVAL TO AMEND THE SURFACE
COMMINGLING, OFF LEASE STORAGE, AND MEASUREMENT OF HYDROCARBON
PRODUCTION FROM THE WEST CORBIN DELAWARE, SOUTH CORBIN WOLFCAMP,
AND THE SOUTH CORBIN BONE SPRING TO A CENTRAL LOCATION AT THE FEDERAL
'21' BATTERY LOCATED IN UNIT LETTER K, SEC. 21, T18S, R33E, IN LEA COUNTY, NEW
MEXICO, LEASE NO: NM 0997**

WELL NO:	SEC.	TWP	RNG	FORMATION	LEASE NO.	STATUS
FEDERAL 21 # 1	21	18S	33E	BONE SPRING	NM0997	SHUT IN
FEDERAL 21 # 2	21	18S	33E	WOLFCAMP	NM 0997	PROD.
FEDERAL 21 # 3	21	18S	33E	WOLFCAMP	NM 61605	PROD.
FEDERAL 21 # 4	21	18S	33E	DELAWARE	NM 61605	PROD.
FEDERAL MA # 9	21	18S	33E	WOLFCAMP	NM 0997	PROD.
FEDERAL MA # 10 *	21	18S	33E	BONE SPRING	NM 0997	PROD.

PRODUCTION FROM THE WELLS INVOLVED IS AS FOLLOWS:

WELL NAME AND NO.	BOPD	GRAVITY	MCF/PD
FEDERAL 21 #1	N/A	N/A	N/A
FEDERAL 21 # 2	20	40.3	95
FEDERAL 21 # 3	22	41	75
FEDERAL 21 # 4	02	38	20
FEDERAL MA # 9	68	40.6	465
FEDERAL MA # 10*	84	39	35

*** INDICATES NEW WELL AND FORMATION TO COMMINGLING ORDER**

THE PROPOSED OPERATION IS DESCRIBED IN DETAIL ON THE ATTACHED DIAGRAM.

**A MAP IS ENCLOSED SHOWING LOCATION OF ALL WELLS THAT WILL CONTRIBUTE
PRODUCTION TO THE PROPOSED COMMINGLING/COMMON STORAGE FACILITY.
ALL UNITIZED/COMMUNITIZED AREAS, PRODUCING ZONES/POOLS ARE ALSO
CLEARLY ILLUSTRATED.**

**A SCHEMATIC DIAGRAM IS ALSO ATTACHED WHICH CLEARLY IDENTIFIES ALL
EQUIPMENT THAT WILL BE UTILIZED.**

THE STORAGE AND MEASURING FACILITY IS LOCATED AT UNIT LETTER K, SEC. 21, T18S, R33E OF LEASE NUMBER NM 0997, LEA COUNTY, NEW MEXICO. THE BLM WILL BE NOTIFIED IF THERE IS ANY FUTURE CHANGE IN THE FACILITY LOCATION.

DETAILS OF THE PROPOSED METHOD FOR ALLOCATING PRODUCTION TO CONTRIBUTING SOURCES IS AS FOLLOWS:

FEDERAL 21 # 2	PROD. TEST THRU TEST TREATER
FEDERAL 21 # 3	PROD. TEST THRU TEST TREATER
FEDERAL 21 # 4	PROD. TEST THRU TEST TREATER
FEDERAL MA # 9	PROD. TEST THRU TEST TREATER
FEDERAL MA # 10 *	PROD. TEST THRU TEST TREATER

THERE IS ALSO A LACT UNIT INSTALLED AT UNIT LETTER K, SEC. 21, T18S, R33E, LEA COUNTY, NEW MEXICO. SEE ATTACHED DIAGRAM.

THE BATTERY HAS A 3-PHASE PRODUCTION HEATER TREATER. THE FEDERAL 21 WELLS NO.(S) 2,3 & 4 ARE TIED INTO ONE TEST SEPARATOR WITH CAPABILITIES OF SEPARATELY MEASURING EACH WELL. THE FEDERAL MA # 9 & 10 WILL HAVE ITS OWN SEPARATOR. THESE ARE EQUIPPED WITH HALLIBURTON'S TURBINE FLOW METERS ON THE OIL DUMPS AND WATER DUMPS TO MEASURE THE OIL AND WATER DURING TEST PERIODS. EACH TEST TREATER IS EQUIPPED WITH AN ORIFICE TEST METER TO MEASURE THE GAS VOLUMES.

MERIDIAN IS 100% WORKING INTEREST OWNER FOR THIS LEASE.

THE PROPOSED COMMINGLING OF PRODUCTION IS IN THE INTEREST OF CONSERVATION AND WILL NOT RESULT IN REDUCED ROYALTY OR IMPROPER MEASUREMENT OF PRODUCTION.

THE PROPOSED COMMINGLING IS NECESSARY FOR CONTINUED OPERATION OF THE ABOVE REFERENCED FEDERAL LEASE.

ADDITIONALLY, WE REQUEST FOR OFF LEASE STORAGE OF HYDROCARBON PRODUCTION FROM THE FEDERAL 21, WELLS ON. 3 & 4 (NM 61605) TO THE FEDERAL 21, WELL NO. 2 (NM 0997), LOCATED IN UNIT LETTER K, SEC. 21, T18S, R33E, LEA COUNTY, NEW MEXICO. FURTHERMORE, WE REQUEST APPROVAL FOR OFF LEASE STORAGE OF HYDROCARBON PRODUCTION FROM THE FEDERAL MA # 9 & 10 (NM 0997) TO THE FEDERAL 21, WELL NO 2 (NM 0997) LOCATED IN UNIT LETTER K, SEC. 21, T18S, R33E, LEA COUNTY, NEW MEXICO.

WE UNDERSTAND THAT THE REQUESTED APPROVAL WILL NOT CONSTITUTE THE GRANTING OF ANY RIGHT OF WAY OR CONSTRUCTION RIGHTS NOT GRANTED BY THE LEASE INSTRUMENT. AND, WE WILL SUBMIT WITHIN 30 DAYS AN APPLICATION FOR RIGHT OF WAY APPROVAL TO THE BLM'S REALTY SECTION IN YOUR OFFICE IF WE HAVE NOT ALREADY DONE SO.

SIGNATURE: _____
NAME: _____
TITLE: _____
DATE: _____

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Percha State Lse

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Delaware

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NM 61605

Wolfcamp

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Federal 21 Lse

Federal MA Lse

Corbin Lse

Shut In

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Wolfcamp

NM 0997

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T-18-S

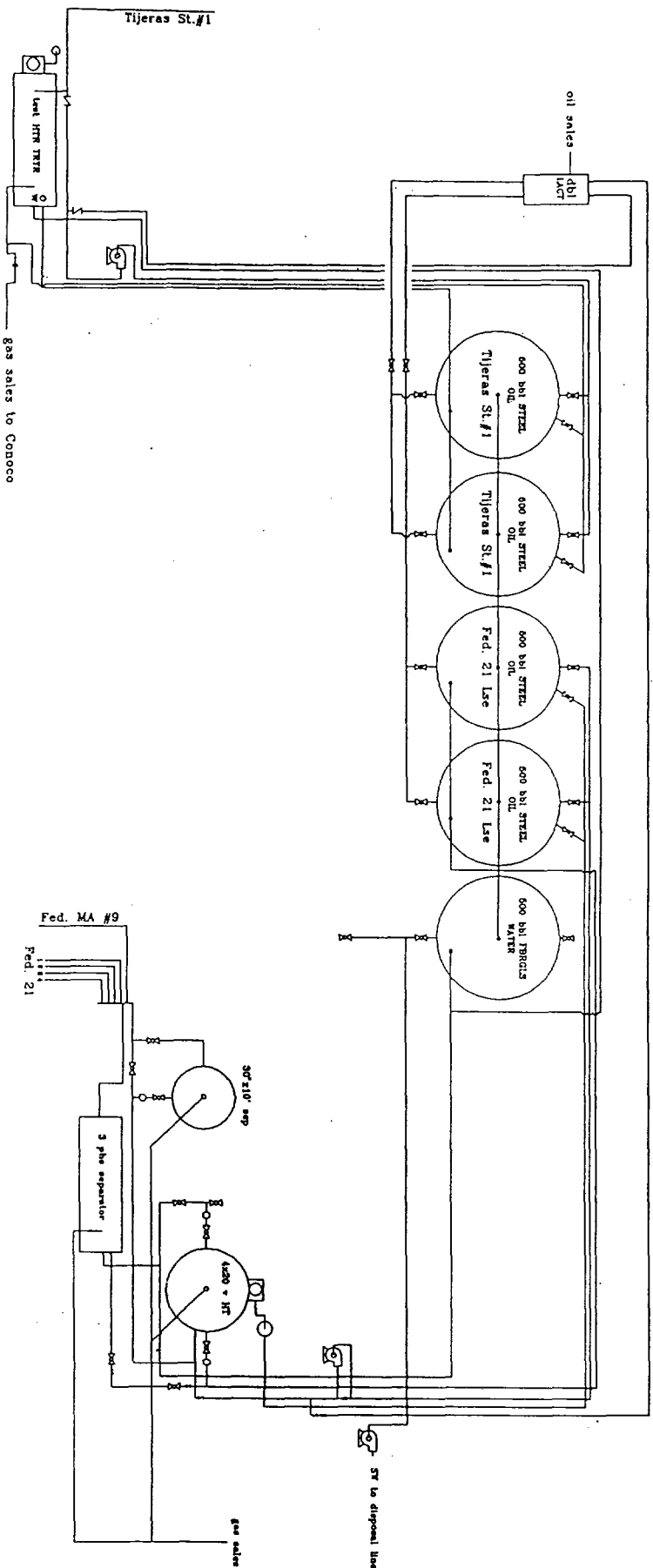
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MOI FEDERAL 21 BATTERY

Sec. 21 T-18-S R-33-E
Lea County, New Mexico

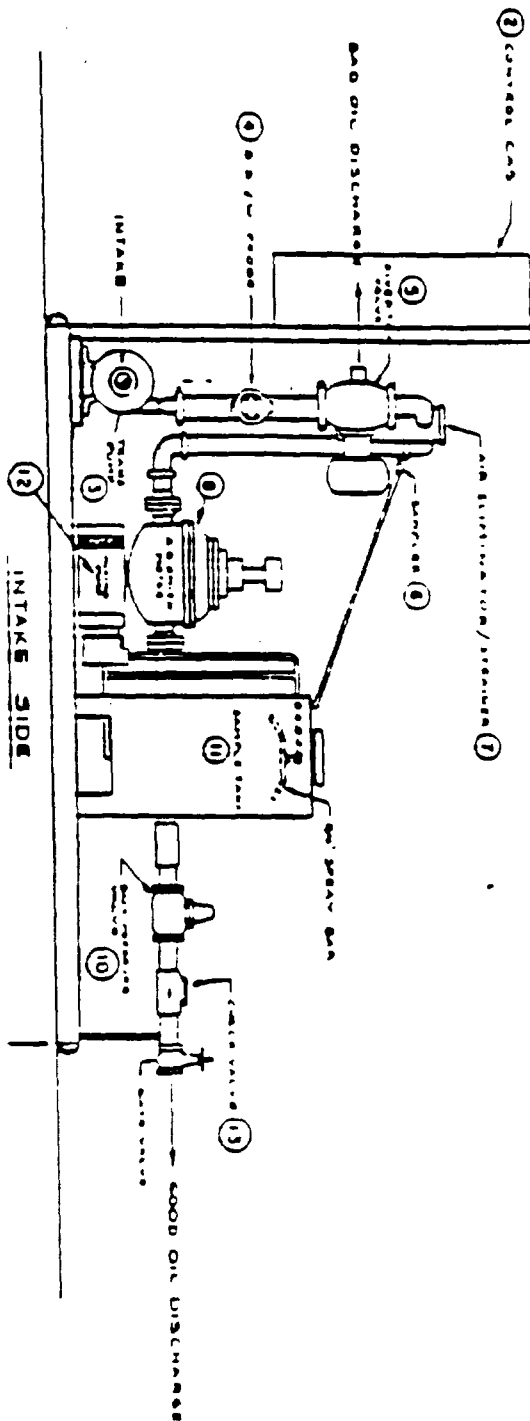
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REVISIONS

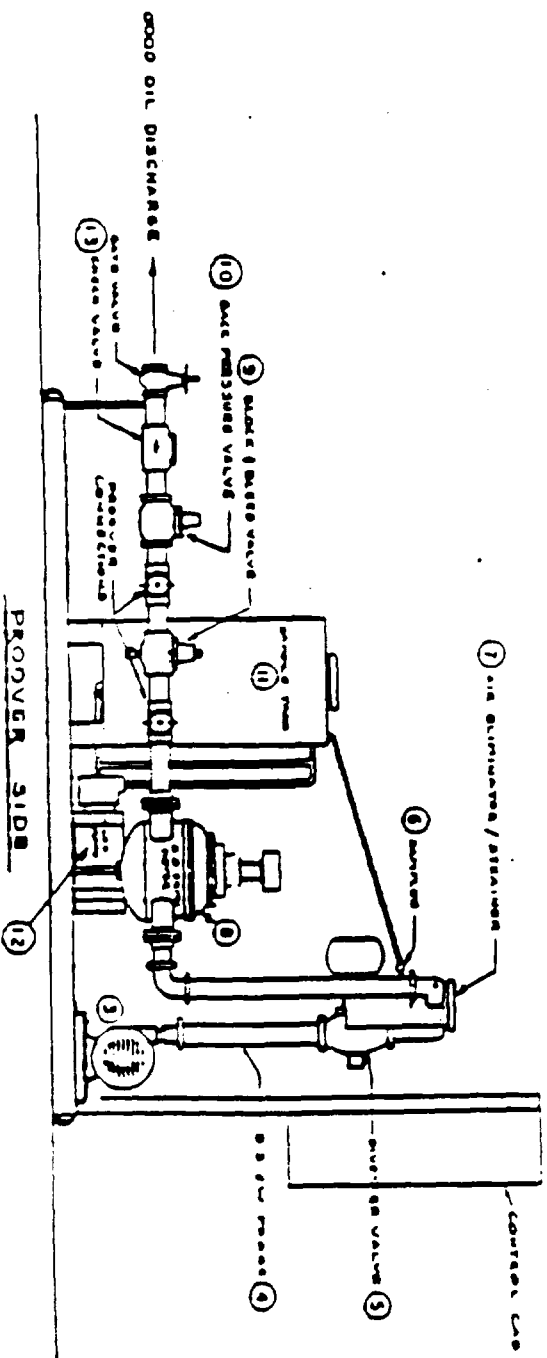
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MERIDIAN OIL, INC
MIDLAND, TEXAS

DATE: 12/18/92
BY: [Signature]
CHKD: [Signature]
c:\accedio\hobbs\fed21.dwg
December 18, 1992



NOTE:
1. B.G. 1/2" MONITOR TO GAS
2. PROVIDED OFF GRID.





NEW MEXICO

LACT UNIT CIRCUIT DIAGRAM