

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: OXY USA INC **OGRID Number:** 16696
Well Name: AVOGATO 30_31 STATE COM #4H & MULTIPLE **API:** 30-025-45923 & MULTIPLE
Pool: RED TANK; BONES SPRINGS, EAST & MULTIPLE **Pool Code:** 51687

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

- B. Check one only for [I] or [II]
[I] Commingling – Storage – Measurement **AMENDMENT TO PLC-596A**
☐ DHC ☐ CTB ☒ PLC ☐ PC ☐ OLS ☐ OLM
[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
B. ☒ Royalty, overriding royalty owners, revenue owners
C. ☒ Application requires published notice
D. ☒ Notification and/or concurrent approval by SLO
E. ☐ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☒ For all of the above, proof of notification or publication is attached, and/or,
H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

SANDRA MUSALLAM

Print or Type Name

Signature

Date

713-366-5106

Phone Number

SANDRA_MUSALLAM@OXY.COM
e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr. Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: OXY USA INC (16696)
OPERATOR ADDRESS: P O BOX 4294 HOUSTON, TX 77210
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingling)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No **PLC-596A**
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
SEE ATTACHED					

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.
(4) Measurement type: ☐ Metering ☒ Other (Specify) WELL TEST
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

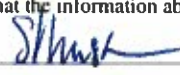
(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: REGULATORY ENGINEER DATE: 11/2/2020

TYPE OR PRINT NAME SANDRA MUSALLAM TELEPHONE NO.: 713-366-5106

E-MAIL ADDRESS: SANDRA_MUSALLAM@OXY.COM

APPLICATION FOR POOL AND LEASE COMMINGLE, OFF-LEASE MEASUREMENT, SALES AND STORAGE

Commingling proposal for Avogato 30-31 State Battery (also referred to as Red Tank 19 CTB)

OXY USA INC requests approval to amend PLC-596A to include oil production from Red Tank 31 State 5H and to add LACTS at Red Tank 31 Battery (A-31-22S-33E and D-32-22S-33E, Lea County) as back-up oil sales points.

Wells (oil production only) to be added to Avogato 30-31 State Battery are listed below.

WELL NAME	API #	SURFACE LOCATION	DATE ONLINE	OIL (BOPD)	OIL GRAVITY API	GAS (MSCFD)	BTU/CF	WATER (BWPD)
STATE LEASE V035272								
POOL: RED TANK; BONE SPRING, EAST (51687)								
RED TANK 31 STATE 5H	30-025-41885	A-31-22S-33E	JAN 2015	47	40.2	36	1307	170

Wells currently feeding Avogato 30-31 State Battery are listed below.

WELL NAME	API #	SURFACE LOCATION	DATE ONLINE	OIL (BOPD)	OIL GRAVITY API	GAS (MSCFD)	BTU/CF	WATER (BWPD)
E2E2 SECTIONS 30 & 31 - STATE LEASE #S: V035262, V035272								
POOL: RED TANK; BONE SPRING, EAST (51687) - COMM AGREEMENT PUN 1366786								
RED TANK 30-31 STATE COM 14H	30-025-44193	A-30-22S-33E	JAN 2019	489	41.5	1083	1232	795
RED TANK 30-31 STATE COM 24Y	30-025-44161	A-30-22S-33E	FEB 2018	309	41.8	314	1282	838
RED TANK 30-31 STATE COM 34H	30-025-44063	A-30-22S-33E	FEB 2018	194	41.8	387	1256	1200

E/2 SECTIONS 30 & 31 - STATE LEASE #S: V035262, V035272

POOL: RED TANK; BONE SPRING, EAST (51687) - COMM AGREEMENT PUN 1378315

AVOGATO 30 31 STATE COM 4H	30-025-45923	A-30-22S-33E	FEB 2020	780	42.4	1045	1263	1671
AVOGATO 30 31 STATE COM 14H	30-025-45959	B-30-22S-33E	DEC 2019	1116	42.4	3175	1168	919
AVOGATO 30 31 STATE COM 24H	30-025-45960	B-30-22S-33E	NOV 2019	803	42.4	1192	1327	1482
AVOGATO 30 31 STATE COM 25H	30-025-45961	B-30-22S-33E	NOV 2019	883	42.4	1440	1300	1104
AVOGATO 30 31 STATE COM 34H	30-025-45930	B-30-22S-33E	JAN 2020	1241	42.4	2373	1239	2239
AVOGATO 30 31 STATE COM 74H	30-025-45964	A-30-22S-33E	FEB 2020	610	42.4	788	1262	361

POOL: WC-025 G-09 S223332A; UPPER WOLFCAMP (98177) - COMM AGREEMENT PUN 1378881

AVOGATO 30 31 STATE COM 35H	30-025-45931	B-30-22S-33E	JAN 2020	836	42.4	1710	1291	1974
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W/2 SECTIONS 30 & 31 - STATE LEASE #S: VB3740, V035262, V035272

POOL: RED TANK; BONE SPRING, EAST (51687) - COMM AGREEMENT PUN 1378301

AVOGATO 30 31 STATE COM 11H	30-025-45956	D-30-22S-33E	JAN 2020	1192	42.4	3272	1201	1022
AVOGATO 30 31 STATE COM 12H	30-025-45957	D-30-22S-33E	JAN 2020	1246	42.4	2549	1252	1256
AVOGATO 30 31 STATE COM 13H	30-025-45958	B-30-22S-33E	DEC 2019	560	42.4	1751	1184	211
AVOGATO 30 31 STATE COM 21H	30-025-45924	C-30-22S-33E	NOV 2019	825	42.4	1128	1271	1154
AVOGATO 30 31 STATE COM 22H	30-025-45925	C-30-22S-33E	NOV 2019	903	42.4	1190	1318	1648
AVOGATO 30 31 STATE COM 23H	30-025-45926	C-30-22S-33E	NOV 2019	943	42.4	1049	1292	1319
AVOGATO 30 31 STATE COM 31H	30-025-45929	C-30-22S-33E	FEB 2020	1786	42.4	2482	1321	2586
AVOGATO 30 31 STATE COM 33H	30-025-45928	C-30-22S-33E	FEB 2020	1132	42.4	1604	1382	1997

POOL: RED TANK; BONE SPRING (51683) - COMM AGREEMENT PUN 1380825

AVOGATO 30 31 STATE COM 32H	30-025-45927	C-30-22S-33E	FEB 2020	1434	42.4	2208	1205	2514
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PROCESS DESCRIPTION

Production from Red Tank 30-31 State Com 14H, 24Y, 34H and Red Tank 31 State 5H will continue to be separated at the respective wellpads. Each well is sent to a dedicated 6' X 15' three-phase test separator, where oil is measured through turbine meters. Oil

production from the Red Tank 30-31 wells are then pumped off location and sent to Avogato 30-31 State Battery, where it is tied-in downstream of the separators for further processing and sales. Oil production from Red Tank 31 State 5H is sent through a heater-treater after separation. It will then be tied into the oil production from Red Tank 30-31 wells to be pumped off location and sent to Avogato 30-31 State Battery.

Production from Avogato 30-31 State Com Wells 4H-74H will flow through two three-phase production separators (10' x 40') at the Avogato 30-31 State Battery. After separation, oil production will be combined with Red Tank oil production and sent through four line heaters and then through two 8' X 20' heater-treaters. It will then flow through two 48" vapor recovery towers before flowing to four oil storage tanks. From the tanks, the oil is pumped through LACT meters and sent to sales. Oil production will be allocated back to each well based on well test.

For testing purposes, Avogato 30-31 State Battery is equipped with five three-phase test separators (6' x 20'). The test separators are equipped with turbine meters for oil and water measurement, and a gas orifice meter for gas measurement. All Avogato 30-31 State wells have been online between 8-11 months and are in Range 2 of decline. These wells are tested at least twice per month, and will be tested at least once per month during Range 3 of decline, as specified in Hearing Order R-14299.

All Red Tank 30-31 State wells and Red Tank 31 State 5H have been online for at least 18 months and are in Range 3 of decline. They are tested at least once per month, as specified in Hearing Order R-14299, through the separation equipment on the respective wellpads.

Gas production from the Avogato 30-31 State wells are combined after the three-phase separators. It then flows through two OXY check meters, which serve as the point of royalty payment, then to sales. Gas production is allocated back to each Avogato 30-31 State well based on well test.

All water from the Avogato 30-31 State Battery will be sent to the Salt Water Disposal Distribution system.

In upset conditions, production from Red Tank 30-31 State Com 14H, 24Y, 34H and Red Tank 31 State 5H will remain at Red Tank 31 Battery and be sold from the LACTs there. A portion of oil production from Avogato 30-31 Battery will be sent to Red Tank 31 Battery for sales, as needed. All LACTs will be added, and the sum will be allocated back to each well based on well test as described above.

ADDITIONAL APPLICATION COMPONENTS

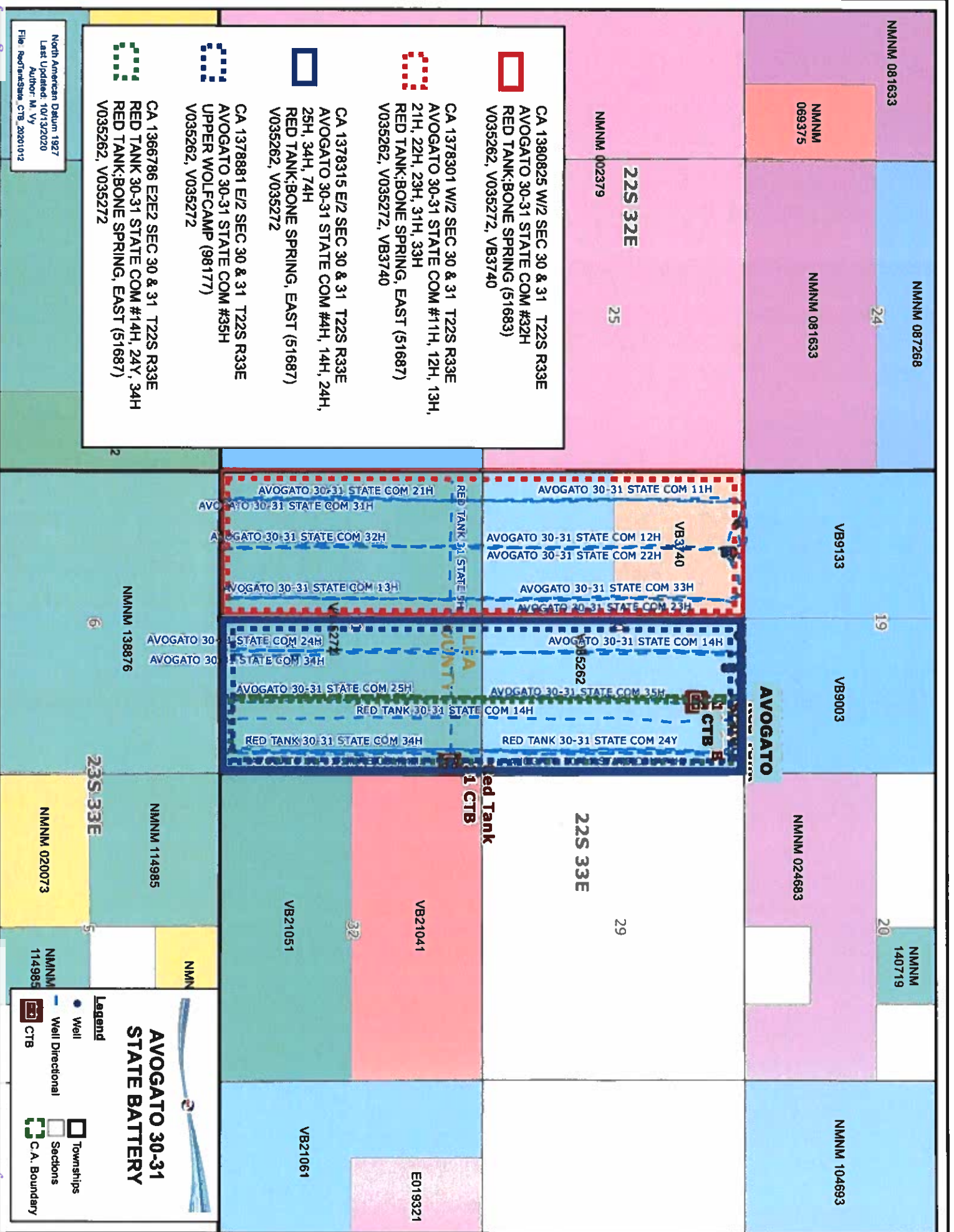
The flow of production is shown in detail on the enclosed facility diagram. Also enclosed is a map detailing the lease boundaries, well and battery locations.

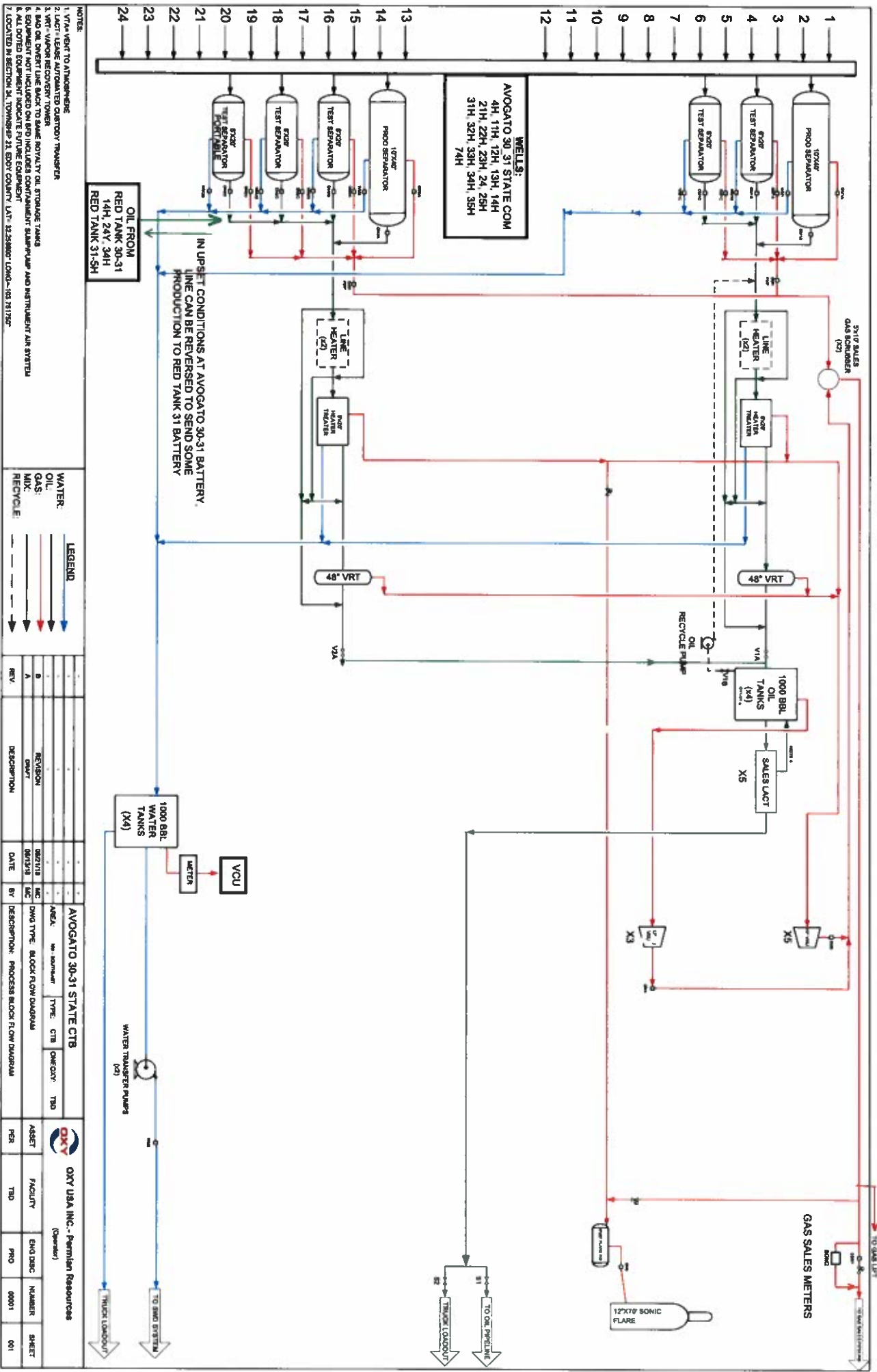
The oil and gas meters will be calibrated on a regular basis per API and NMOCD specifications.

Pursuant to Statewide rule 19.15.12.10(C)(4)(g) OXY USA INC requests the option to include additional pools or leases within the defined parameters set forth in the Order for future additions.

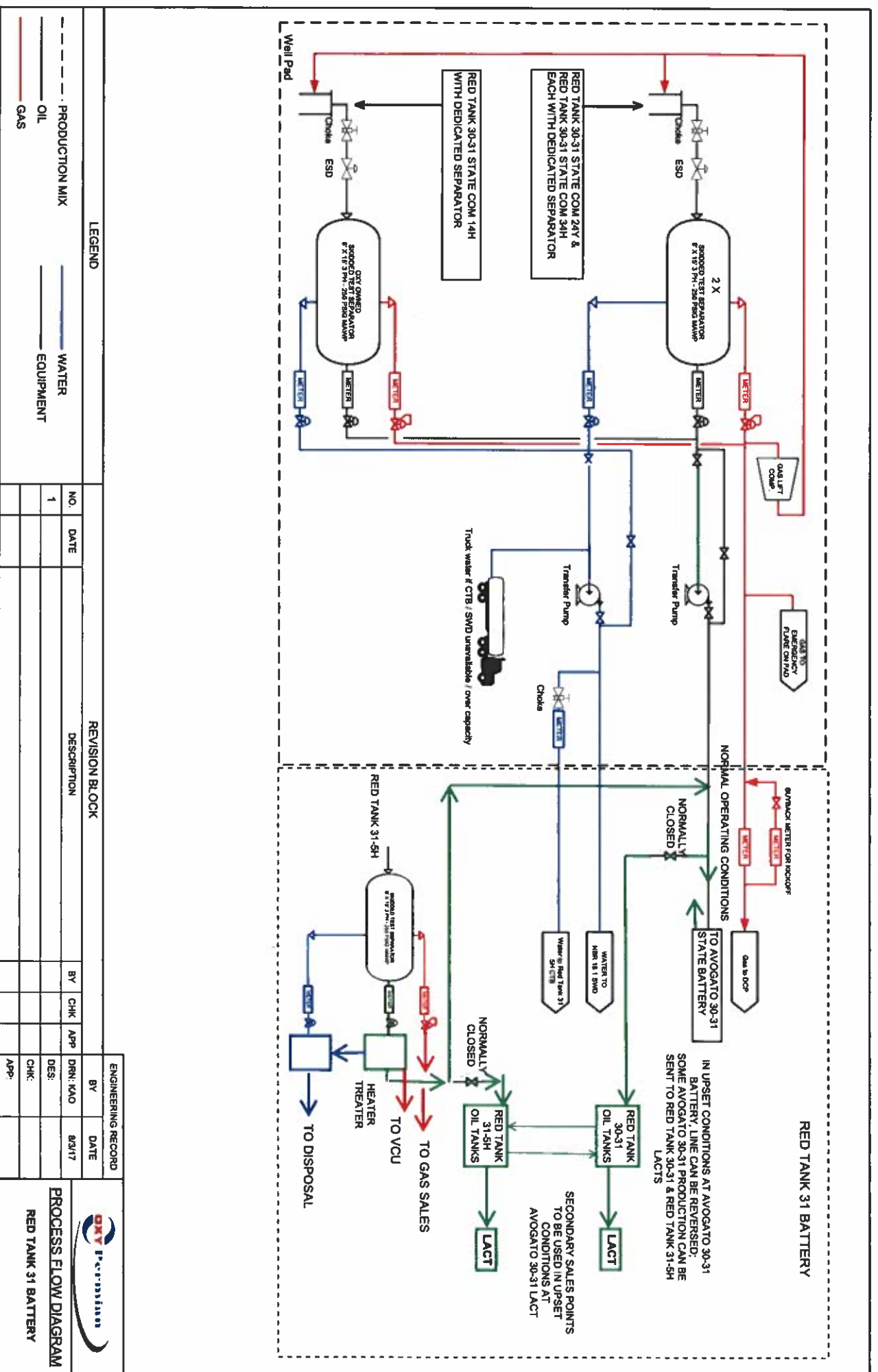
Commingling will not reduce the individual wells' production value or otherwise adversely affect the interest owners. It is the most effective means of producing the reserves. The surface commingle application will be submitted separately for approval per NMOCD and SLO regulations.

OXY USA INC understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.





NOTES:									
1. VTA VENT TO ATMOSPHERE									
2. VACT - LEASE AUTOMATED CUSTODY TRANSFER									
3. VMT - VAPOR RECOVERY TOWER									
4. BAO OIL DIVERT LINE BACK TO SAME NOVOLTA OIL STORAGE TANKS									
5. EQUIPMENT NOT INCLUDED ON BLD INCLUDES CONTAINMENT SUMP/PUMP AND INSTRUMENT AIR SYSTEM									
6. ALL OTHERS EQUIPMENT INDICATE FUTURE EQUIPMENT									
7. LOCATED IN SECTION 24, TOWNSHIP 23, EBOY COUNTY, LA 70 22 28 00' LONG - 103 18 17 00'									



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720
District II
111 S. First St., Artesia, NM 88210
Phone: (505) 746-1283 Fax: (505) 746-9720
District III
1000 Rio Grande Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

HOBBSOCD State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
DEC 26 2014 1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

RECEIVED

☒ AMENDED REPORT
As Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-41885	Pool Code 51687	Pool Name Red Tank Bone Spring, East
Property Code 304938	Property Name RED TANK "31" STATE	Well Number 5H
OGRID No. 16696	Operator Name OXY USA INC.	Elevation 3716.5'

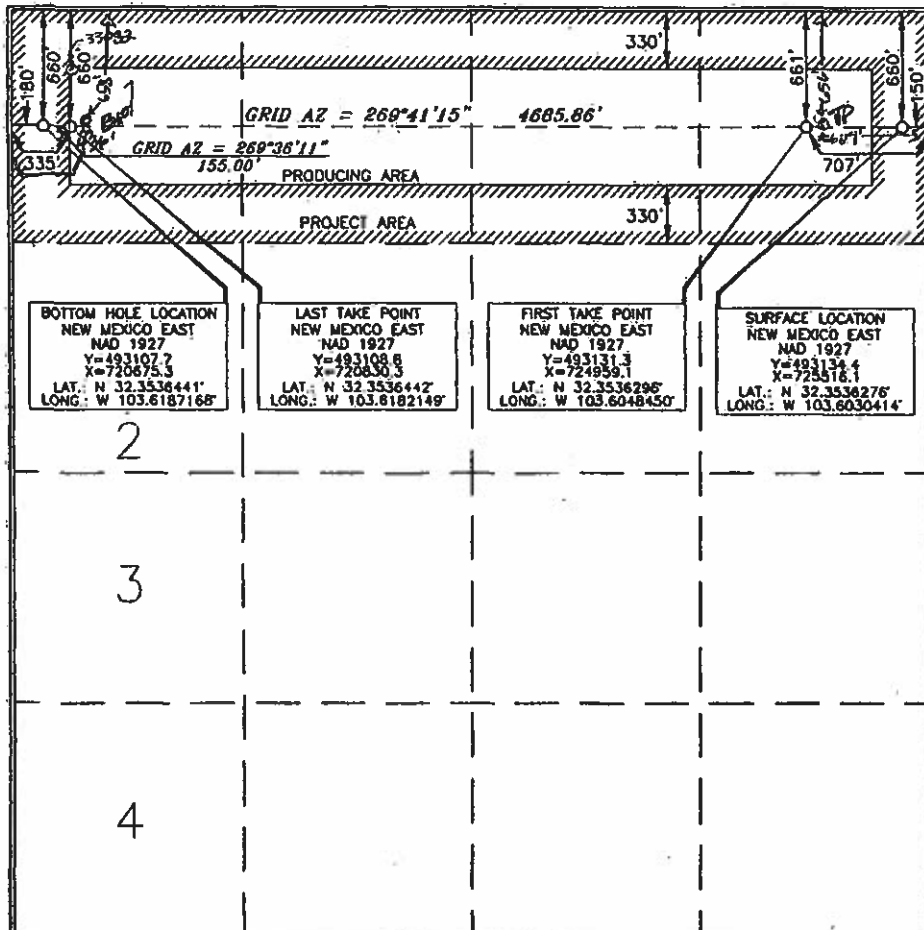
Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	22 SOUTH	33 EAST, N.M.P.M.		660'	NORTH	150'	EAST	LEA

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
1	31	22 SOUTH	33 EAST, N.M.P.M.		660'	NORTH	150'	WEST	LEA
Dedicated Acres 1.60	Joint or Infill N	Consolidation Code	Order No. TP - 656 FNL 629 FEL CP - 658 FNL 436 FNL						

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.



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 undivided 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 community pooling order heretofore entered by the district.

Signature: *David Stewart Sr.* Date: **12/12/14**
Printed Name: **David Stewart Sr. Reg. Adv.**
E-mail Address: **david.stewart@oxy.com**

SURVEYOR CERTIFICATION

I hereby certify that the information contained on this plat was plotted from the original surveys made by and under the supervision of the same is true and correct to the best of my belief.

Date of Survey: **APRIL 30, 2014**
Signature and Seal of Professional Surveyor: *Terry L. Paul* Certificate Number: **15079**

WD/ 140430ML-a (Rev. A) (CA)

JAN 13 2015



**OXY USA WTP Limited Partnership / OXY
USA INC / OCCIDENTAL PERMIAN LTD**
A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046
P.O. Box 4294, Houston, Texas 77210-4294
Direct: 713.366.5106
Sandra_Musallam@oxy.com

November 3, 2020

Re: Application for Lease Commingling and Off-lease Measurement, Sales, & Storage for
the Avogato 30-31 State Battery and Red Tank 31 Battery in Lea County, New Mexico

Dear Interest Owner:

This is to advise you that OXY USA INC is filing an amendment to PLC-596A for surface commingling at the Avogato 30-31 State Battery and Red Tank 31 Battery. A copy of the application submitted to the Division is attached.

Any objections or requests for a hearing regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe Office within 20 Days from the date of this letter.

Pursuant to Statewide rule 19.15.12.10(C)(4)(g) OXY USA INC requests the option to include additional pools or leases within the defined parameters set forth in the order for future additions.

For questions regarding this application, please contact Sandra Musallam at (713) 366-5106.

Respectfully,

OXY USA INC
Sandra Musallam
Regulatory Engineer – Compliance Lead
Sandra_Musallam@oxy.com

To Name	To Address Line 1	To City	To State	To ZIP	TRACKING NUMBER	MAIL OUT DATE
2019 PERMIAN BASIN JV	P O BOX 10	FOLSOM	LA	70437	9414811898765826858792	11.03.2020
ACCELERATE RESOURCES OPERATING LLC	5949 SHERRY LANE STE 1060	DALLAS	TX	75225	9414811898765826858747	11.03.2020
C D MARTIN	P O BOX 12	MIDLAND	TX	79702	9414811898765826858785	11.03.2020
CALMON OIL CO	500 WEST TEXAS AVE SUITE 1200	MIDLAND	TX	79701	9414811898765826858730	11.03.2020
CAL-MON OIL COMPANY	200 N LORRAINE ST STE 1404	MIDLAND	TX	79701	9414811898765826858778	11.03.2020
CAMPECHE PETRO LP	500 COMMERCE ST STE 600	FORT WORTH	TX	76102	9414811898765826858914	11.03.2020
CANYON PROPERTIES LLC	1500 BROADWAY SUITE 1212	LUBBOCK	TX	79401	9414811898765826858952	11.03.2020
CARDINAL PLASTICS INC	PO BOX 935	ODESSA	TX	79760	9414811898765826858969	11.03.2020
CONRAD E COFFIELD	500 RODEO ROAD 202	SANTA FE	NM	87505	9414811898765826858921	11.03.2020
CONRAD E COFFIELD ESTATE FRANK B LYON	3508 FAR WEST BLVD STE 170	AUSTIN	TX	78731	9414811898765826858990	11.03.2020
DAVENPORT CONGER PROPERTIES LP	PO BOX 3511	MIDLAND	TX	79702	9414811898765826858945	11.03.2020
ELIZABETH EATON DOYLE	18 MOCCASIN TRAIL	SANDIA PARK	NM	87047	9414811898765826858983	11.03.2020
AMERICAN STATE BANK TRUSTEES - J M						
WELBORN TRUST	1500 BROADWAY STE 1212	LUBBOCK	TX	79401	9414811898765826858938	11.03.2020
KASTMAN OIL COMPANY	P O BOX 5930	LUBBOCK	TX	79408	9414811898765826858976	11.03.2020
MONAGHAN LIVING TRUST - VIRGINIA P						
MONAGHAN TRUSTEE	500 W TEXAS AVENUE SUITE 1200	MIDLAND	TX	79701	9414811898765826858617	11.03.2020
PROSPERITY BANK TRUST DEPT - RC JOHNSON JR LTD						
ROBERT M DAVENPORT JR	1401 AVENUE Q	LUBBOCK	TX	79401	9414811898765826858655	11.03.2020
SDS PROPERTIES INC	104 S PECOS	MIDLAND	TX	79701	9414811898765826858662	11.03.2020
SILVERSTONE RESOURCES INC	P O BOX 246	ROSWELL	NM	88202	9414811898765826858624	11.03.2020
STATE OF NEW MEXICO - COMMISSIONER OF PUBLIC LANDS	106 ROW THREE	LAFAYETTE	LA	70508	9414811898765826858600	11.03.2020
STATES ROYALTY LIMITED PARTNERSHIP	P O BOX 1148	SANTA FE	NM	87504	9414811898765826858693	11.09.2020 email documents
TOCOR INVESTMENTS INC	P O BOX 911	BRECKENRIDGE	TX	76424	9414811898765826858648	11.03.2020
TUMBLER ENERGY PARTNERS LLC	P O BOX 293	MIDLAND	TX	79702	9414811898765826858686	11.03.2020
TUMBLER OPERATING PARTNERS LLC	PO BOX 50938	MIDLAND	TX	79710	9414811898765826858631	11.03.2020
WADE PETROLEUM CORPORATION	1701 RIVER RUN SUITE 306	FORT WORTH	TX	76107	9414811898765826858679	11.03.2020
	9 BROKEN ARROW PL	SANDIA PARK	NM	87047	9414811898765826858112	11.03.2020

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
November 04, 2020
and ending with the issue dated
November 04, 2020.

Daniel Russell

Publisher

Sworn and subscribed to before me this
4th day of November 2020.

Gussie Black

Business Manager

My commission expires

January 29, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

LEGAL NOTICE
November 4, 2020

Notice of Application for Surface Commingle
OXY USA INC located at 5 Greenway Plaza, Suite 110 Houston TX 77048 is applying to the NMOCD for an amendment to previously approved surface commingle Order PLC-596A. Production will go to Avogato 30-31 State Battery located in Lea County, Section 30 T24S - R29E and Red Tank 30-31 State Battery, located in Lea County, Section 31 T24S - R29E. Wells going to the aforementioned batteries are located in Sections 30 and 31. Production is from the Red Tank; Bone Spring, East, WC-025 G-08 S223332A; Upper Wolfcamp and Red Tank; Bone Spring pools.

Pursuant to Statewide Rule 19.15.12.10, interested parties must file objections or requests for hearing in writing with the division's Santa Fe office within 20 days after publication, or the NMOCD may approve the application.

For questions pertaining to the application, please contact Sandra Musallam at (713) 366-5108.
#35949

01101573

00248139

STACY CRUZ
OXY, INC.
PO BOX 1747
ADDISON, TX 75001-1747

From: [Engineer, OCD, EMNRD](#)
To: [Musallam, Sandra C](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); lisa@rwbyram.com; [Holm, Anchor E.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order PLC-596-B
Date: Friday, December 18, 2020 9:39:09 AM
Attachments: [PLC596B Order.pdf](#)

NMOCD has issued Administrative Order PLC-596-B which authorizes Oxy USA, Inc. (16696) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	Location (NMPM)	Pool Code	Battery
30-025-45927	AVOGATO 30 31 STATE COM #32H	C-30-22S-33E	51683	A
30-025-45956	AVOGATO 30 31 STATE COM #11H	D-30-22S-33E	51687	A
30-025-45957	AVOGATO 30 31 STATE COM #12H	D-30-22S-33E	51687	A
30-025-45958	AVOGATO 30 31 STATE COM #13H	B-30-22S-33E	51687	A
30-025-45959	AVOGATO 30 31 STATE COM #14H	B-30-22S-33E	51687	A
30-025-45924	AVOGATO 30 31 STATE COM #21H	C-30-22S-33E	51687	A
30-025-45925	AVOGATO 30 31 STATE COM #22H	C-30-22S-33E	51687	A
30-025-45926	AVOGATO 30 31 STATE COM #23H	C-30-22S-33E	51687	A
30-025-45960	AVOGATO 30 31 STATE COM #24H	B-30-22S-33E	51687	A
30-025-45961	AVOGATO 30 31 STATE COM #25H	B-30-22S-33E	51687	A
30-025-45929	AVOGATO 30 31 STATE COM #31H	C-30-22S-33E	51687	A
30-025-45928	AVOGATO 30 31 STATE COM #33H	C-30-22S-33E	51687	A
30-025-45930	AVOGATO 30 31 STATE COM #34H	B-30-22S-33E	51687	A
30-025-45923	AVOGATO 30 31 STATE COM #4H	A-30-22S-33E	51687	A
30-025-45964	AVOGATO 30 31 STATE COM #74H	A-30-22S-33E	51687	A
30-025-45931	AVOGATO 30 31 STATE COM #35H	B-30-22S-33E	98177	A
30-025-44193	RED TANK 30-31 STATE COM #14H	A-30-22S-33E	51687	B
30-025-44161	RED TANK 30-31 STATE COM #24Y	A-30-22S-33E	51687	B
30-025-44063	RED TANK 30-31 STATE COM #34H	A-30-22S-33E	51687	B
30-025-41885	RED TANK 31 STATE #5H	A-31-22S-33E	51687	B

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY OXY USA, INC.**

ORDER NO. PLC-596-B

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Oxy USA, Inc. (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
7. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.

10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
11. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
12. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.
2. This Order supersedes Order PLC-596-A.
3. The allocation of oil and gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the oil and gas production for each well identified in Exhibit A as being gathered at Battery A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil and gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil and gas production for each well identified in Exhibit A as being gathered at Battery A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil and gas production for each well identified in Exhibit A as being gathered at Battery A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than 22% per month; (b) a minimum of two

(2) well tests per month when the decline rate is between 22% and 10% per month; and (c) a minimum of one (1) well test per month when the decline rate is less than 10% per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

The oil and gas production for each well identified in Exhibit A as being gathered at Battery B shall be separated and metered prior to commingling.

4. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
5. Applicant shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B via the OCD Fee Portal in accordance with 19.15.12.10(C)(4)(g) NMAC.
9. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

10. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 12/17/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-596-B

Operator: Oxy USA, Inc. (16696)

Central Tank Battery A: Avogato 30 31 State Battery

Central Tank Battery Location A (NMPM): Unit A, Section 30, Township 22 South, Range 33 East

Gas Custody Transfer Meter Location A (NMPM): Unit A, Section 30, Township 22 South, Range 33 East

Central Tank Battery B: Red Tank 30 31 Battery

Central Tank Battery Location B (NMPM): Unit A, Section 31, Township 22 South, Range 33 East

Unit D, Section 32, Township 22 South, Range 33 East

Gas Custody Transfer Meter Location B (NMPM): Unit A, Section 31, Township 22 South, Range 33 East

Unit D, Section 32, Township 22 South, Range 33 East

Pools

Pool Name	Pool Code
RED TANK; BONE SPRING, EAST	51687
RED TANK; BONE SPRING	51683
WC-025 G-09 S223332A; UPR WOLFCAMP	98177

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
CA BS NMSLO 1366786	E/2 E/2 Sec 30 & 31	T22S-R33E
CA BS NMSLO 1378315	E/2 Sec 30 & 31	T22S-R33E
CA WC NMSLO 1378881	E/2 Sec 30 & 31	T22S-R33E
CA BS NMSLO 1378301	W/2 Sec 30 & 31	T22S-R33E
CA BS NMSLO 1380825	W/2 Sec 30 & 31	T22S-R33E
VO 35272	N/2 N/2	Sec 31-T22S-R33E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Battery
30-025-45927	AVOGATO 30 31 STATE COM #32H	C-30-22S-33E	51683	A
30-025-45956	AVOGATO 30 31 STATE COM #11H	D-30-22S-33E	51687	A
30-025-45957	AVOGATO 30 31 STATE COM #12H	D-30-22S-33E	51687	A
30-025-45958	AVOGATO 30 31 STATE COM #13H	B-30-22S-33E	51687	A
30-025-45959	AVOGATO 30 31 STATE COM #14H	B-30-22S-33E	51687	A
30-025-45924	AVOGATO 30 31 STATE COM #21H	C-30-22S-33E	51687	A
30-025-45925	AVOGATO 30 31 STATE COM #22H	C-30-22S-33E	51687	A
30-025-45926	AVOGATO 30 31 STATE COM #23H	C-30-22S-33E	51687	A
30-025-45960	AVOGATO 30 31 STATE COM #24H	B-30-22S-33E	51687	A
30-025-45961	AVOGATO 30 31 STATE COM #25H	B-30-22S-33E	51687	A
30-025-45929	AVOGATO 30 31 STATE COM #31H	C-30-22S-33E	51687	A
30-025-45928	AVOGATO 30 31 STATE COM #33H	C-30-22S-33E	51687	A
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30-025-44193	RED TANK 30-31 STATE COM #14H	A-30-22S-33E	51687	B
30-025-44161	RED TANK 30-31 STATE COM #24Y	A-30-22S-33E	51687	B
30-025-44063	RED TANK 30-31 STATE COM #34H	A-30-22S-33E	51687	B
30-025-41885	RED TANK 31 STATE #5H	A-31-22S-33E	51687	B

OCD Reviewer	Condition
dmclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.