

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.

OPERATOR ADDRESS: PO 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 If "Yes", please include the appropriate Order No. PLC 514
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 TESTS PER APPROVED COMMINGLE ORDERS
(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 attach 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: [Signature] TITLE: REGULATORY ENGINEER DATE: 10/13/2021

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

E-MAIL ADDRESS: SANDRA_MUSALLAM@OXY.COM

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
-----------	-----------	-------	---------

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: CORRAL FLY 2-1 STATE #21H & MULTIPLE **API:** 30-015-44507 & MULTIPLE
Pool: PIERCE CROSSING; BONE SPRING, EAST & MULTIPLE **Pool Code:** 96473 & MULTIPLE

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

☐ DHC ☐ CTB ☒ PLC ☐ PC ☐ OLS ☐ OLM **AMENDMENT TO PLC 514**

[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

10/13/2021

Date

713-366-5106

Phone Number

SANDRA.MUSALLAM@OXY.COM

e-mail Address

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

Commingling proposal for Oil Production at Corral Fly 02-01 Train #2 at Corral Fly 35-26 Battery

OXY USA INC requests approval to amend the previous approved PLC 514 for oil production to add the Challenger 1 State #01H and #02H to the Corral Fly 02-01 Train #2 at the Corral Fly 35-26 Battery (B-02-T25S-R29E). This commingle request also includes future wells within the same pools and leases/CAs of the wells listed below.

WELL NAME	API	SURFACE LOCATION	DATE ONLINE	OIL (BPD)	GRAVITY (API)	GAS (MSCFD)	BTU/CF	WAT (BPD)
POOL: PIERCE CROSSING; BONE SPRING, EAST (96473) - STATE LEASES V033611, VA29752, VA29741								
Corral Fly 2-1 State# 21H	30-015-44507	D-02-25S-29E	May-2018	99	44.1	608	1300	333
Corral Fly 2-1 State# 22H	30-015-44508	D-02-25S-29E	May-2018	98	44.1	539	1300	362
Corral Fly 2-1 State# 23H	30-015-44509	D-02-25S-29E	May-2018	127	44.1	605	1300	438
Corral Fly 2-1 State# 24H	30-015-44510	M-02-25S-29E	Apr-2018	107	44.1	656	1300	427
Corral Fly 2-1 State# 25H	30-015-44512	M-02-25S-29E	May-2018	103	44.1	553	1300	444
Corral Fly 2-1 State# 26H	30-015-44513	M-02-25S-29E	Apr-2018	61	44.1	310	1300	227
POOL: PURPLE SAGE; WOLFCAMP GAS (98220) - STATE LEASES V033611, VA29752, VA29741								
Corral Fly 2-1 State# 31H	30-015-44585	D-02-25S-29E	Nov-2018	162	45.9	520	1325	449
Corral Fly 2-1 State# 32H	30-015-44586	D-02-25S-29E	Nov-2018	152	45.9	508	1325	476
Corral Fly 2-1 State# 33H	30-015-44587	D-02-25S-29E	Nov-2018	172	45.9	621	1325	605
Corral Fly 2-1 State# 34H	30-015-44588	M-02-25S-29E	Oct-2018	143	45.9	699	1325	562
Corral Fly 2-1 State# 35H	30-015-44589	M-02-25S-29E	Oct-2018	147	45.9	519	1325	625
Corral Fly 2-1 State# 36H	30-015-44590	M-02-25S-29E	Oct-2018	167	45.9	680	1325	693
POOL: CORRAL CANYON; DELAWARE, NORTHWEST (96464) - STATE LEASE VA29752								
Challenger 1 State #01H	30-015-36535	D-01-25S-29E	Jan-2019	7*	39.7	1*	1275	160*
Challenger 1 State #02H	30-015-37296	3-01-25S-29E	May-2010	8*	39.7	1*	1275	95*

*Estimated production – well currently shut-in

The Corral Fly 02-01 State and Challenger 1 State wells production will flow through an 8' X 20' three-phase production separator. Oil then flows to an 8' X 20' heater-treater, then to an oil vapor recovery tower. It then flows to three oil tanks before being sent through two LACT meters for sale. Oil production will be allocated to each well based on monthly well test data.

For testing purposes, the train is equipped with three three-phase test separators (6' x 20'). The test separators are equipped with turbine meters for oil and water measurement, and an orifice meter for gas measurement. All wells have been online for over two years and are in Range 3 of decline. They will be tested at least once per month, as specified in Hearing Order R-14299.

Gas production flows through the 8' X 20' three-phase production separator, where it is measured through an OXY sales-quality check meter, then flows to sales. Gas production will be allocated back to each well based on well test. The gas production from the Corral Fly 2-1 Train is included in PLC 784.

Water production is sent from the three-phase separators to water tanks at the central battery, then trucked or pumped to disposal.

Additional Application Components:

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

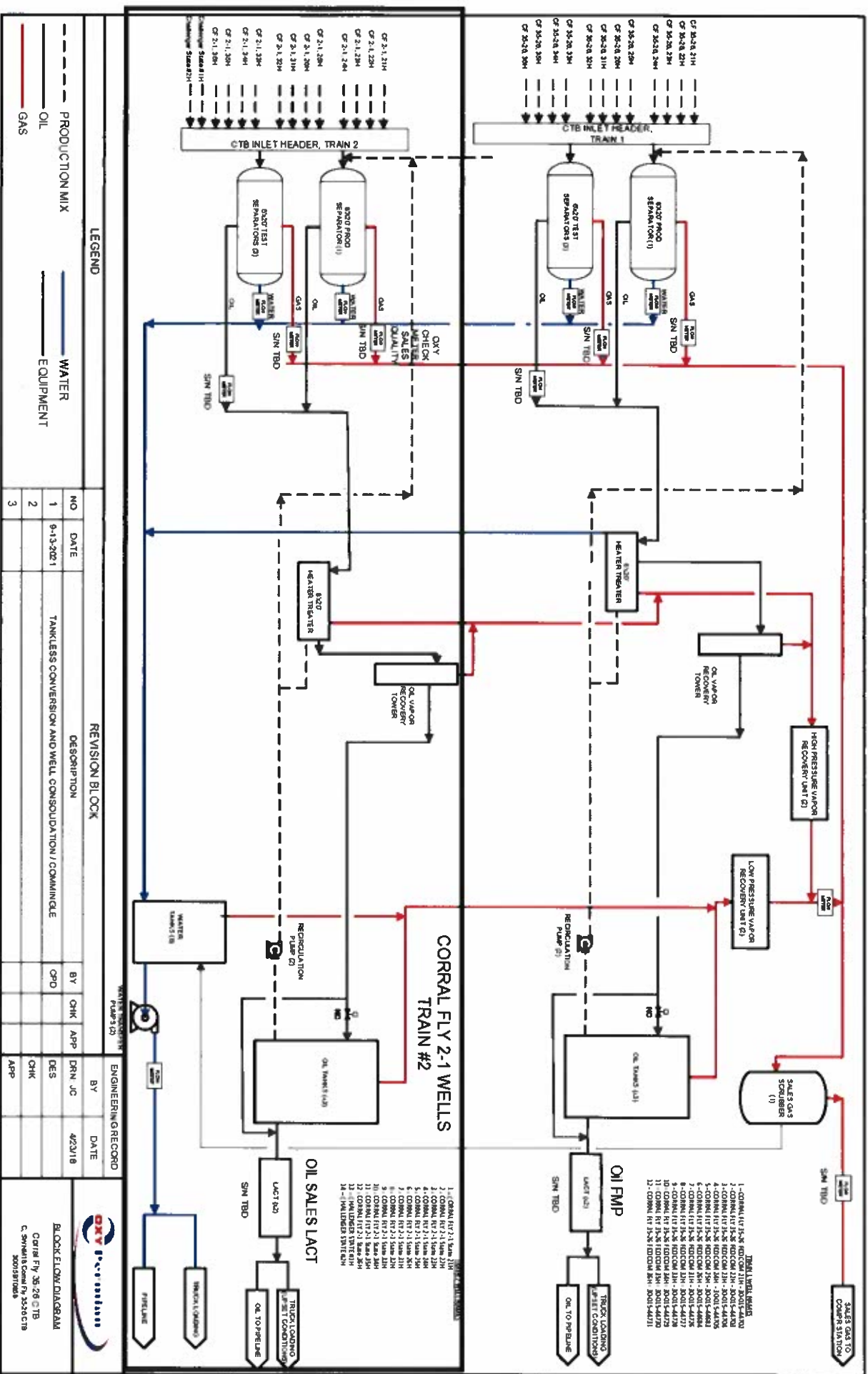
The oil meters will be calibrated on a regular basis per API and NMOCD specifications.

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.





DISTRICT I
1625 N FRENCH DR., BOBBS, NM 86240

DISTRICT II
1301 Y. GRAND AVENUE, ARTESKA, NM 86210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-36535	Pool Code 96464	Pool Name CORRAL CANYON-DELAWARE NORTHWEST
Property Code	Property Name CHALLENGER 1 STATE	Well Number 1H
GRID No. 217995	Operator Name OGX RESOURCES	Elevation 3100'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	1	25-S	29-E		660	NORTH	660	WEST	EDDY

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	1	25-S	29-E		350	SOUTH	660	WEST	EDDY

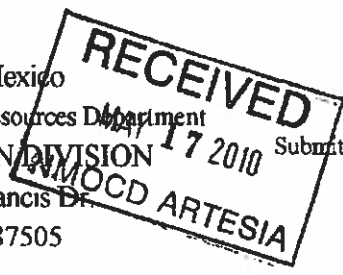
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>LOT 3</p> <p>LOT 2</p> <p>LOT 1</p> <p>VA-2975</p> <p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=423821.1 N X=620480.8 E</p> <p>LAT.=32.164602° N LONG=103.943983° W</p> <p>BOTTOM HOLE LOCATION Y=419525.1 N X=620493.6 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Joe T. Janica</i> Date: 07/30/09 Printed Name: Joe T. Janica</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date Surveyed: 8/11/08 Signature: <i>Ronald Eidson</i> Professional Surveyor: 3239</p> <p>Certificate No. GARY EIDSON 12641 RONALD EIDSON 3239</p>
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505



Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

"As Drilled C-102"

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015 37296		² Pool Code 96464		³ Pool Name Corral Front Delaware Northwest	
⁴ Property Code		⁵ Property Name Challenger 1 State			⁶ Well Number 1
⁷ OGRID No. 217955		⁸ Operator Name OGX Resources, LLC			⁹ Elevation 3118' GR

¹⁰ Surface Location

UL or lot no. 3	Section 1	Township 25S	Range 29E	Lot Idn	Feet from the 660'	North/South line North	Feet from the 1980'	East/West line West	County Eddy
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. N	Section 1	Township 25S	Range 29E	Lot Idn	Feet from the 369	North/South line South	Feet from the 1997	East/West line West	County Eddy
¹² Dedicated Acres 320		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

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.

<div>SL X #2H 660' FNL & 1980' FWL</div>				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 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 compulsory pooling order heretofore entered by the division. Signature 5-12-10 Date Ann E. Ritchie, Regulatory Agent Printed Name	
				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 of Survey Signature and Seal of Professional Surveyor Certificate Number	
<div>369 FSL & 1997 FWL BHL X</div>					



**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

October 15, 2021

Re: Application for Pool & Lease Commingling and Off-lease Measurement, Sales, & Storage for
the Corral Fly 02-01 Train #2 at the Corral Fly 35-26 Battery (B-02-25S-29E)
Eddy County, New Mexico

Dear Interest Owner:

This is to advise you that OXY USA INC is filing an application to amend existing surface commingling permit PLC 514 for oil production at the Corral Fly 02-01 Train #2 at the Corral Fly 35-26 Battery. A copy of the application submitted to the Division is attached. This commingle request *also includes future wells* within the same pools and leases/CAs of the wells contained in the aforementioned application.

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

Respectfully,

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

MAILED 10/15/2021

OWNER_NAME	OWNER_NAME_LINE_2	OWNER_ADDR	OWNER_ADDR	CITY	STATE	ZIP	TRACKING
COG OPERATING LLC		P O BOX 849929		DALLAS	TX	75284-9929	_9414811898765850547136
STATE OF NEW MEXICO	COMMISSIONER OF PUBLIC LANDS	P O BOX 1148		SANTA FE	NM	87504	7019 0140 0000 3887 7395
CONTANGO RESOURCES INC		301 NW 63RD ST	STE 300	OKLAHOMA CITY	OK	73116	_9414811898765850547174

Carlsbad Current Argus.

Affidavit of Publication

Ad # 0004958814

This is not an invoice

OXY USA INC

5 GREENWAY PLAZA OFFICE 29.076

HOUSTON, TX 77046

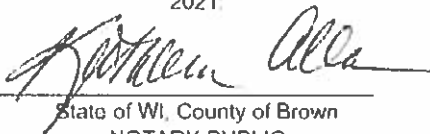
I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

10/16/2021



Legal Clerk

Subscribed and sworn before me this October 16,
2021.

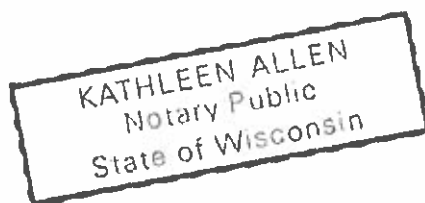


State of WI, County of Brown
NOTARY PUBLIC



My commission expires

Notice of Application for Surface Commingling
OXY USA INC located at 5 Greenway Plaza, Suite 110 Houston TX 77046 is applying to the NMOCD to amend commingle permit PLC 514 for oil production at Corral Fly 2-1 State Battery in Eddy County, Section 2, T25S - R29E. Wells are located in Sections 1 and 2. Production is from the Pierce Crossing, Bone Spring East, Purple Sage, Wolfcamp Gas and Corral Canyon, Delaware Northwest 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) 366-5106. #4958814, Current Argus, Oct. 16, 2021



Ad # 0004958814

PO #:

of Affidavits 1

This is not an invoice

From: [Musallam, Sandra C](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXTERNAL] RE: Corral Fly 2-1 Add Challenger Wells - OIL Commingle
Date: Wednesday, November 17, 2021 9:59:45 AM

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Dean,

Here is the USPS tracking confirmation that the permit was delivered to SLO.

USPS Tracking®

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[FAQs >](#)

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 **Track Packages**
Anytime, Anywhere

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Tracking Number: 70190140000038877395

[Remove X](#)

Status

Your item was delivered at 1:16 pm on October 28, 2021 in SANTA FE, NM 87501.

 **Delivered**

October 28, 2021 at 1:16 pm
SANTA FE, NM 87501

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Can we get this on your radar to review?
Thanks!

Sandra Musallam
Regulatory Engineer – Compliance Lead
713-366-5106 (office)
713-504-8577 (cell)

From: Musallam, Sandra C
Sent: Monday, October 25, 2021 7:27 AM
To: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Subject: Corral Fly 2-1 Add Challenger Wells - OIL Commingle

Hello Dean,

OXY has submitted an application for an amendment to PLC 514 for OIL PRODUCTION at the Corral Fly 2-1 Train #2 at the Corral Fly 35-26 Battery. Submittal ID is 57129.

Additional documents are:

- 1). CONFIDENTIAL Economic Justification
- 2). Spreadsheet of wells, API, pool and pool code
- 3). SLO comm agreements for Corral Fly 02-01 wells

I will send SLO verification of receipt of commingle application at a later date, once I have the USPS tracking number.

Thank you,

Sandra Musallam
Regulatory Engineer – Compliance Lead
713-366-5106 (office)
713-504-8577 (cell)



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Communitization Name:

CORRAL FLY 2-1 STATE #34-36H

Current Operator:

Original Operator: OXY USA INC

[\[Operator Details\]](#)

PUN: 1373197

Communitization Status Code: Approved

Comm Beneficiary Institution:

OCD Order Number 0

Approval Date: 01-04-2019

Effective Date: 09-01-2018

Termination Date: 12-31-9999

Termination Reason: AMENDMENT

Remarks: WOLFCAMP FORMATION

Location:

County

Section Township Range STR Location

 2 25S 29E S2 [\[Land Details\]](#)

Acreage:

Fee: 0

Indian: 0

State: 640

Federal: 0

Total: 640

Leases in this agreement:

 V0-3361-0001 [\[Lease Information\]](#)

 VA-2974-0001 [\[Lease Information\]](#)

 VA-2975-0002 [\[Lease Information\]](#)

Wells in this agreement:

API Number	Well Number	Township	Range	Section	Unit	Lot	Pool Name	Property Name
3001544588	034H	25S	29E	1	I		PURPLE SAGE;WOLFCAMP (GAS)	CORRAL FLY 02 01 STATE
3001544589	035H	25S	29E	1	P		PURPLE SAGE;WOLFCAMP (GAS)	CORRAL FLY 02 01 STATE
3001544590	036H	25S	29E	1	P		PURPLE SAGE;WOLFCAMP (GAS)	CORRAL FLY 02 01 STATE



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Communitization Name:

CORRAL FLY 2-1 STATE #31-33H

Current Operator:

Original Operator: OXY USA INC

[\[Operator Details\]](#)

PUN: 1373200

Communitization Status Code: Approved

Comm Beneficiary Institution:

OCD Order Number 0

Approval Date: 01-04-2019

Effective Date: 10-01-2018

Termination Date: 12-31-9999

Termination Reason: AMENDMENT

Remarks: WOLFCAMP FORMATION

Location:

County

Section Township Range STR Location

 2 25S 29E N2 [\[Land Details\]](#)

Acreage:

Fee: 0

Indian: 0

State: 638.88

Federal: 0

Total: 638.88

Leases in this agreement:

 V0-3361-0001 [\[Lease Information\]](#)

 VA-2974-0001 [\[Lease Information\]](#)

 VA-2975-0002 [\[Lease Information\]](#)

Wells in this agreement:

API Number	Well Number	Township	Range	Section	Unit	Lot	Pool Name	Property Name
3001544585	031H	25S	29E	1	1		PURPLE SAGE;WOLFCAMP (GAS)	CORRAL FLY 02 01 STATE
3001544586	032H	25S	29E	1	H		PURPLE SAGE;WOLFCAMP (GAS)	CORRAL FLY 02 01 STATE
3001544587	033H	25S	29E	1	H		PURPLE SAGE;WOLFCAMP (GAS)	CORRAL FLY 02 01 STATE



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Communitization Name:

CORRAL FLY 2/1 STATE WELL #24 & 25H

Current Operator:

Original Operator: OXY USA INC

[\[Operator Details \]](#)

PUN: 1369366

Communitization Status Code: Approved

Comm Beneficiary Institution:

OCD Order Number 0

Approval Date: 05-31-2018

Effective Date: 03-01-2018

Termination Date: 12-31-9999

Termination Reason: AMENDMENT

Remarks: ALSO IN N2S2 SECT 1; BONE SPRING FORMATION

Location:

County

Section Township Range STR Location

 2 25S 29E N2S2 [\[Land Details \]](#)

Acreage:

Fee: 0

Indian: 0

State: 320

Federal: 0

Total: 320

Leases in this agreement:

 V0-3361-0001 [\[Lease Information \]](#)

 VA-2974-0001 [\[Lease Information \]](#)

 VA-2975-0002 [\[Lease Information \]](#)

Wells in this agreement:

API Number	Well Number	Township	Range	Section	Unit	Lot	Pool Name	Property Name
3001544510	024H	25S	29E	1	I		PIERCE CROSSING; BONE SPRING, EAST	CORRAL FLY 02 01 STATE
3001544512	025H	25S	29E	1	I		PIERCE CROSSING; BONE SPRING, EAST	CORRAL FLY 02 01 STATE



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Communitization Name:

CORRAL FLY 2/1 STATE WELL #21H

Current Operator:
Original Operator: OXY USA INC

[\[Operator Details \]](#)
PUN: 1369325

Communitization Status Code: Approved

Comm Beneficiary Institution:
OCD Order Number 0

Approval Date: 05-31-2018

Effective Date: 03-01-2018

Termination Date: 12-31-9999

Termination Reason: AMENDMENT

Remarks: ALSO IN N2N2 OF SECT 1; BONE SPRING FORMATION

Location:

County

Section Township Range STR Location

2 25S 29E N2N2 [\[Land Details \]](#)
Acreage:
Fee: 0

Indian: 0

State: 318.88

Federal: 0

Total: 318.88

Leases in this agreement:

V0-3361-0001 [\[Lease Information \]](#)

VA-2974-0001 [\[Lease Information \]](#)

VA-2975-0002 [\[Lease Information \]](#)
Wells in this agreement:

API Number	Well Number	Township	Range	Section	Unit	Lot	Pool Name	Property Name
3001544507	021H	25S	29E	1	1		PIERCE CROSSING; BONE SPRING, EAST	CORRAL FLY 02 01 STATE
3001544508	022H	25S	29E	1	1		PIERCE CROSSING; BONE SPRING, EAST	CORRAL FLY 02 01 STATE



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Communitization Name:

CORRAL FLY 2/1 STATE WELL #23H

Current Operator:

Original Operator: OXY USA INC

[\[Operator Details \]](#)

PUN: 1369377

Communitization Status Code: Approved

Comm Beneficiary Institution:

OCD Order Number 0

Approval Date: 05-31-2018

Effective Date: 03-01-2018

Termination Date: 12-31-9999

Termination Reason: AMENDMENT

Remarks: ALSO IN S2N2 SECT 1; BONE SPRING FORMATION

Location:

County

Section Township Range STR Location

 2 25S 29E S2N2 [\[Land Details \]](#)

Acreage:

Fee: 0

Indian: 0

State: 320

Federal: 0

Total: 320

Leases in this agreement:

 V0-3361-0001 [\[Lease Information \]](#)

 VA-2974-0001 [\[Lease Information \]](#)

 VA-2975-0002 [\[Lease Information \]](#)

Wells in this agreement:

API Number	Well Number	Township	Range	Section	Unit	Lot	Pool Name	Property Name
3001544509	023H	25S	29E	1	H		PIERCE CROSSING; BONE SPRING, EAST	CORRAL FLY 02 01 STATE



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Communitization Name:

CORRAL FLY 2/1 STATE #26H

Current Operator:

Original Operator: OXY USA INC

[\[Operator Details \]](#)

PUN: 1369354

Communitization Status Code: Approved

Comm Beneficiary Institution:

OCD Order Number 0

Approval Date: 05-31-2018

Effective Date: 03-01-2018

Termination Date: 12-31-9999

Termination Reason: AMENDMENT

Remarks: BONE SPRING FORMATION; ALSO IN S2SW4 SECT 1

Location:

County

Section Township Range STR Location

 2 25S 29E S2S2 [\[Land Details \]](#)

Acreage:

Fee: 0

Indian: 0

State: 240

Federal: 0

Total: 240

Leases in this agreement:

 V0-3361-0001 [\[Lease Information \]](#)

 VA-2975-0002 [\[Lease Information \]](#)

Wells in this agreement:

API Number	Well Number	Township	Range	Section	Unit	Lot	Pool Name	Property Name
3001544513	026H	25S	29E	1	N		PIERCE CROSSING; BONE SPRING, EAST	CORRAL FLY 02 01 STATE

From: [Engineer, OCD, EMNRD](#)
To: [Musallam, Sandra C](#); [Schenkel, Beth V](#)
Cc: [McClure, Dean, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Dawson, Scott](#)
Subject: Approved Administrative Order PLC-514-A
Date: Wednesday, December 1, 2021 4:51:17 PM
Attachments: [PLC514A Order.pdf](#)

NMOCD has issued Administrative Order PLC-514-A which authorizes Oxy USA, Inc. (16696) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-015-44507	Corral Fly 2 1 State #21H	N/2 N/2	1-25S-29E	96473
		N/2 N/2	2-25S-29E	
30-015-44508	Corral Fly 2 1 State #22H	N/2 N/2	1-25S-29E	96473
		N/2 N/2	2-25S-29E	
30-015-44509	Corral Fly 2 1 State #23H	S/2 N/2	1-25S-29E	96473
		S/2 N/2	2-25S-29E	
30-015-44510	Corral Fly 2 1 State #24H	N/2 S/2	1-25S-29E	96473
		N/2 S/2	2-25S-29E	
30-015-44512	Corral Fly 2 1 State #25H	N/2 S/2	1-25S-29E	96473
		N/2 S/2	2-25S-29E	
30-015-44513	Corral Fly 2 1 State #26H	S/2 SW/4	1-25S-29E	96473
		S/2 S/2	2-25S-29E	
30-015-44585	Corral Fly 2 1 State #31H	N/2	1-25S-29E	98220
		N/2	2-25S-29E	
30-015-44586	Corral Fly 2 1 State #32H	N/2	1-25S-29E	98220
		N/2	2-25S-29E	
30-015-44587	Corral Fly 2 1 State #33H	N/2	1-25S-29E	98220
		N/2	2-25S-29E	
30-015-44588	Corral Fly 2 1 State #34H	S/2	1-25S-29E	98220
		S/2	2-25S-29E	
30-015-44589	Corral Fly 2 1 State #35H	S/2	1-25S-29E	98220
		S/2	2-25S-29E	
30-015-44590	Corral Fly 2 1 State #36H	S/2	1-25S-29E	98220
		S/2	2-25S-29E	
30-015-36535	Challenger 1 State #1H	D	1-25S-29E	96464
		W/2 W/2	1-25S-29E	96473
30-015-37296	Challenger 1 State #2H	E/2 W/2	1-25S-29E	96464

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. If you have any questions regarding this matter, please contact me.

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-514-A

ORDER

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

FINDINGS OF FACT

1. Oxy USA, Inc. (“Applicant”) submitted a complete application to surface commingle the oil production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil production to the pools, leases, and wells to be commingled.
3. 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.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil production to be commingled, including the owners of royalty and overriding royalty interests, regardless of 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 production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil 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.
8. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

CONCLUSIONS OF LAW

9. 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, 19.15.12. NMAC, and 19.15.23. NMAC.

10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
13. Commingling of oil 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) NMAC and 19.15.12.10.C.(4)(h) NMAC.
14. 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.
15. 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 oil production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

Applicant is authorized to surface commingle oil production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery described in Exhibit A.

2. This Order supersedes Order PLC-514.
3. The allocation of oil production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.

4. The allocation of oil 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 production for each well identified in Exhibit 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 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 production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (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 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.

5. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10.C.(2) NMAC.
7. If the commingling of oil production from any pool, lease, or well reduces the value of the commingled oil 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 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 in accordance with 19.15.12.10.C.(4)(g) NMAC.
9. If a well is not included in Exhibit A but produces from a pool or lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well and proposed method to determine the allocation of oil production to it.
10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
11. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
12. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 11/29/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-514-A**
Operator: **Oxy USA, Inc. (16696)**
Central Tank Battery: **Corral Fly 35 26 Battery (Train 2)**
Central Tank Battery Location: **Unit B, Section 2, Township 25 South, Range 29 East**
Gas Title Transfer Meter Location:

Pools

Pool Name	Pool Code
CORRAL CANYON; DELAWARE,NORTHWEST	96464
PIERCE CROSSING; BONE SPRING, EAST	96473
PURPLE SAGE; WOLFCAMP (GAS)	98220

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
VA 29750002	W/2	1-25S-29E
CA Bone Spring NMSLO; PUN 1369325	N/2 N/2	1-25S-29E
	N/2 N/2	2-25S-29E
CA Bone Spring NMSLO; PUN 1369377	S/2 N/2	1-25S-29E
	S/2 N/2	2-25S-29E
CA Bone Spring NMSLO; PUN 1369366	N/2 S/2	1-25S-29E
	N/2 S/2	2-25S-29E
CA Bone Spring NMSLO; PUN 1369354	S/2 SW/4	1-25S-29E
	S/2 S/2	2-25S-29E
CA Wolfcamp NMSLO; PUN 1373200	N/2	1-25S-29E
	N/2	2-25S-29E
CA Wolfcamp NMSLO; PUN 1373197	S/2	1-25S-29E
	S/2	2-25S-29E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-44507	Corral Fly 2 1 State #21H	N/2 N/2	1-25S-29E	96473
		N/2 N/2	2-25S-29E	
30-015-44508	Corral Fly 2 1 State #22H	N/2 N/2	1-25S-29E	96473
		N/2 N/2	2-25S-29E	
30-015-44509	Corral Fly 2 1 State #23H	S/2 N/2	1-25S-29E	96473
		S/2 N/2	2-25S-29E	
30-015-44510	Corral Fly 2 1 State #24H	N/2 S/2	1-25S-29E	96473
		N/2 S/2	2-25S-29E	
30-015-44512	Corral Fly 2 1 State #25H	N/2 S/2	1-25S-29E	96473
		N/2 S/2	2-25S-29E	
30-015-44513	Corral Fly 2 1 State #26H	S/2 SW/4	1-25S-29E	96473
		S/2 S/2	2-25S-29E	

30-015-44585	Corral Fly 2 1 State #31H	N/2	1-25S-29E	98220
		N/2	2-25S-29E	
30-015-44586	Corral Fly 2 1 State #32H	N/2	1-25S-29E	98220
		N/2	2-25S-29E	
30-015-44587	Corral Fly 2 1 State #33H	N/2	1-25S-29E	98220
		N/2	2-25S-29E	
30-015-44588	Corral Fly 2 1 State #34H	S/2	1-25S-29E	98220
		S/2	2-25S-29E	
30-015-44589	Corral Fly 2 1 State #35H	S/2	1-25S-29E	98220
		S/2	2-25S-29E	
30-015-44590	Corral Fly 2 1 State #36H	S/2	1-25S-29E	98220
		S/2	2-25S-29E	
30-015-36535	Challenger 1 State #1H	D	1-25S-29E	96464
		W/2 W/2	1-25S-29E	96473
30-015-37296	Challenger 1 State #2H	E/2 W/2	1-25S-29E	96464

District I

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

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 57129

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 57129
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	12/1/2021