

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: 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 Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No **PLC-439**  
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: 4/19/2021

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

E-MAIL ADDRESS: SANDRA\_MUSALLAM@OXY.COM

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:** STERLING SILVER 33 FEDERAL #007 & OTHERS **API:** 30-015-27588 & OTHERS  
**Pool:** SAND DUNES:DELAWARE, WEST & OTHERS **Pool Code:** 53815 & OTHERS

**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-439**  
☐ 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

Date

4/19/2021

Print or Type Name

713-366-5106

Phone Number

Signature

SANDRA\_MUSALLAM@OXY.COM

e-mail Address

# APPLICATION FOR POOL COMMINGLE

## Commingle Proposal for Oil Production at Sterling Silver 33 Federal 3 Battery

OXY USA INC requests to amend PLC-439 for oil production at the Sterling Silver 33 Federal 3 Battery (G-33-23S-31E, Eddy County). This amendment adds the Sand Dunes;Morrow West (Gas) pool to the Pool Commingle.

Wells included in the commingled are listed below. OXY USA INC also requests approval for future wells in the Lease and Pools listed below.

### BLM 12.5% ROYALTY RATE (NMNM45236)

Well Name	API	Surface Location	Date Online	Oil (BPD)	Gravity API
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#### POOL: SAND DUNES;DELAWARE, WEST (53815)

STERLING SILVER 33 005	30-015-27424	C-33-23S-31E	Jan-1994	0*	N/A
STERLING SILVER 33 006	30-015-27812	F-33-23S-31E	Oct-1994	0*	N/A
STERLING SILVER 33 007	30-015-27588	L-33-23S-31E	Oct-1993	2	41.4
STERLING SILVER 33 008	30-015-27601	M-33-23S-31E	Jan-1994	3	41.4
STERLING SILVER 33 010	30-015-27550	N-33-23S-31E	Jan-1994	2	41.4
STERLING SILVER 33 011	30-015-27611	B-33-23S-31E	Oct-1993	0*	N/A
STERLING SILVER 33 014	30-015-27552	A-33-23S-31E	Oct-1993	8	41.4
STERLING SILVER 33 015	30-015-29275	H-33-23S-31E	Jan-1997	5	41.4
STERLING SILVER 33 016	30-015-31091	I-33-23S-31E	Jun-2000	2	41.4
STERLING SILVER 33 017	30-015-33892	P-33-23S-31E	Jan-2006	2	41.4
STERLING SILVER 33 018	30-015-32767	O-33-23S-31E	Nov-2003	2	41.4
STERLING SILVER 33 012	30-015-34943	J-33-23S-31E	Aug-2006	0*	N/A
TRIPLE 33 001	30-015-25769	G-33-23S-31E	Dec-1992	0*	N/A

#### POOL: INGLE WELLS;BONE SPRING (33740)

STERLING SILVER 33 001H	30-015-39831	P-33-23S-31E	Sep-2012	21	41.2
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#### POOLS: SAND DUNES;MORROW, WEST (GAS) (84720)

STERLING SILVER 33 009	30-015-33975	K-33-23S-31E	Jan-2006	3	42.8
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\*all gas production

### PROCESS DESCRIPTION

Production flows through a two-phase production separator. The combined oil and water stream flows to a 6 X 20 heater-treater. Oil then flows to two oil tanks for storage then through a LACT meter for the purpose of sales/royalty payment. Oil production is allocated back to each well based on well test.

For testing purposes, Sterling Silver 33 Federal 3 Battery is equipped with a two-phase separator and a 4 X 20 heater-treater. The heater-treater is equipped with a gas orifice meter for gas measurement, and turbine meters for oil and water measurement. All wells have been online for at least 8 years and have an established decline. These wells are tested at least once per month.

All water from the battery is sent to the Salt Water Disposal Distribution system.

### ADDITIONAL APPLICATION COMPONENTS

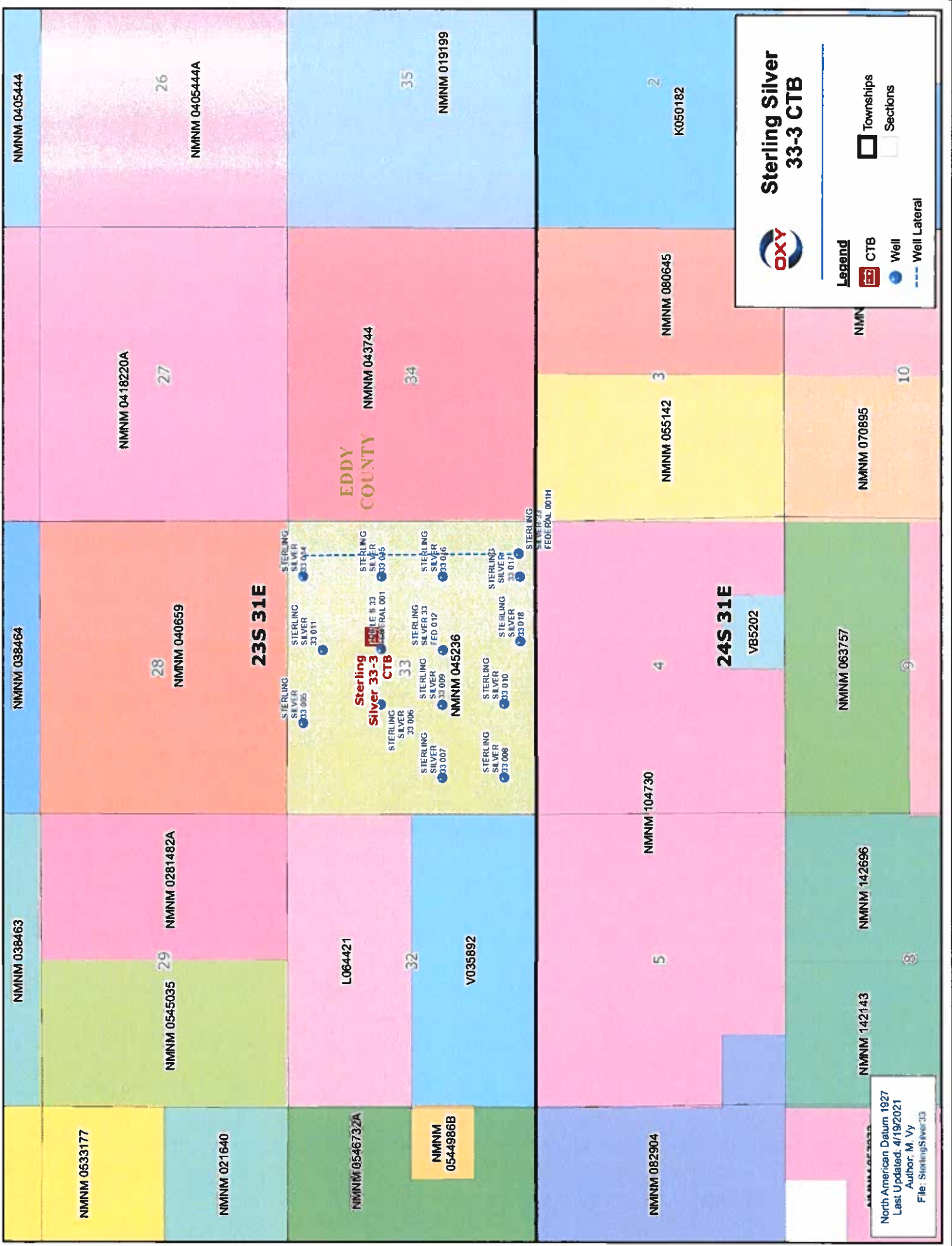
The flow of production is shown in detail on the enclosed facility diagram. Also enclosed is a map detailing the lease boundaries, well and battery locations.


The oil and gas meters are calibrated on a regular basis per API, NMOCD and BLM 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.






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.





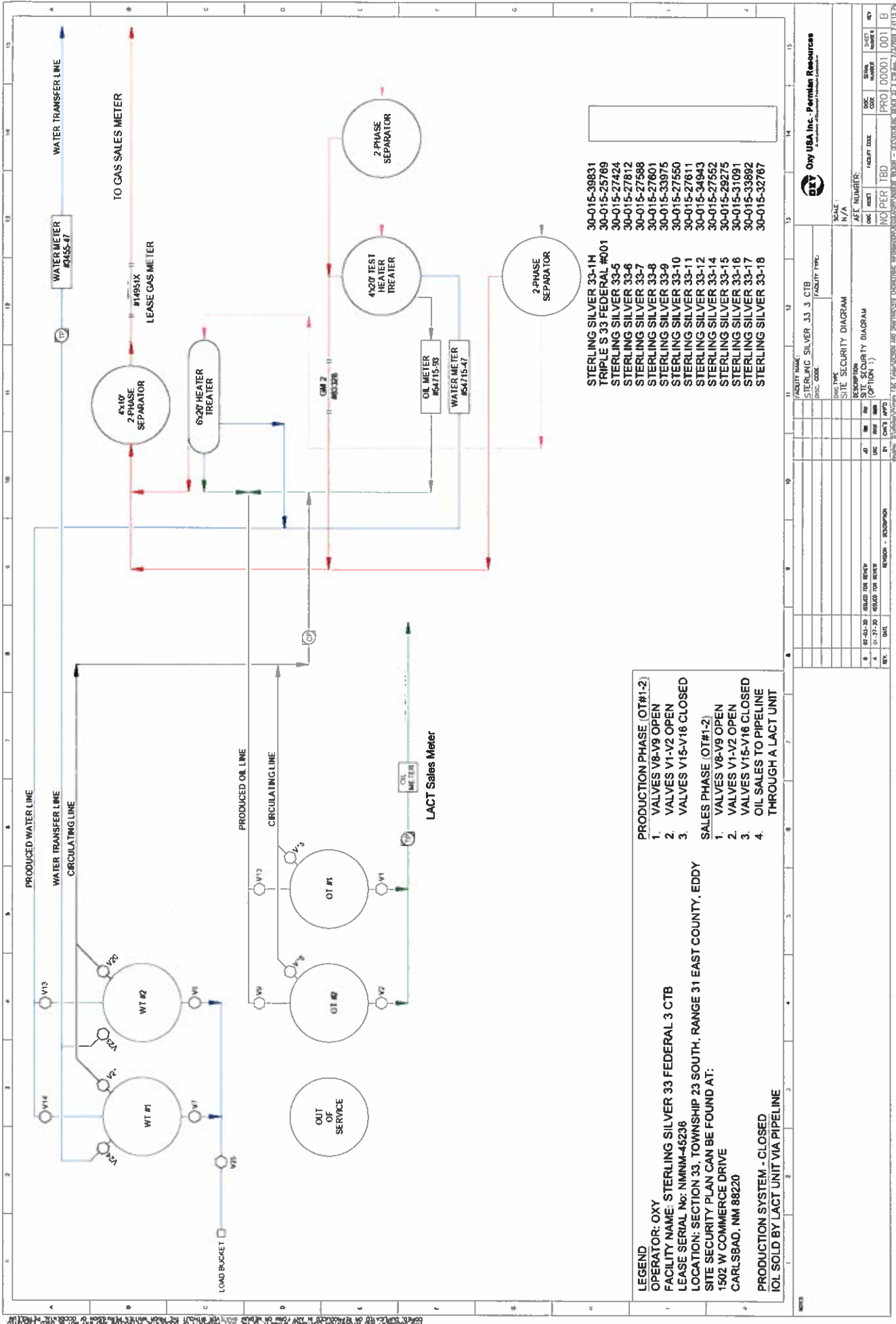
### Sterling Silver 33-3 CTB

**Legend**

-  Townships
-  Sections
-  CTB
-  Well
-  Well Lateral

North American Datum 1927  
Last Updated: 4/19/2021  
Author: M. Vy  
File: SterlingSilver33





DISTRICT I  
125 N. French Dr., Hobbs, NM 88240

DISTRICT II  
511 South First, Artesia, NM 88210

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

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 84720	Pool Name SAND DUNES-MORROW WEST (GAS)
Property Code	Property Name <i>Sterling Silver</i> SAND DUNES "33" FEDERAL DEEP	Well Number 9
OGRID No. 17891	Operator Name POGO PRODUCING COMPANY	Elevation 3395

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	33	23-S	31-E		1980	SOUTH	1980	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
Dedicated Acres 320	Joint or Infill	Consolidation Code	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

Lat.: N32°15'32.8"  
Long.: W103°47'05.6"

EXHIBIT "A"

OPERATOR CERTIFICATION

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

*Joe T. Janica*  
Signature  
Joe T. Janica  
Printed Name  
Agent  
Title  
01/02/05  
Date

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.

DECEMBER 27, 2004

Date Surveyed  
Signature & Seal of  
Professional Surveyor  
MARY L. JONES  
NEW MEXICO  
1977  
No. 4962  
7977  
Certified  
JLP  
BASIN SURVEYS



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

April 20, 2021

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Re: Request for Pool Commingling for the Sterling Silver 33 Federal 3 Battery

Lease: NMNM 45236

Pools: Sand Dunes; Delaware, West (53815), Ingle Wells; Bone Spring (33740), Sand  
Dunes; Morrow, West (Gas) (84720)  
Eddy County, New Mexico

Dear Interest Owner:

This is to advise you that OXY USA INC is requesting approval from NMOCD to surface commingle *existing and future wells in the aforementioned Lease and Pools* at the Sterling Silver 33 Federal 3 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



# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

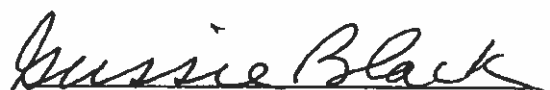
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
April 18, 2021  
and ending with the issue dated  
April 18, 2021.

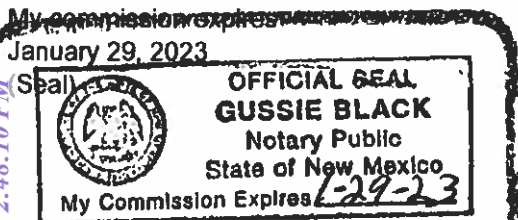


Publisher

Sworn and subscribed to before me this  
18th day of April 2021.



Business Manager



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  
April 18, 2021

### Notice of Application for Surface Commingling

OXY USA INC located at 5 Greenway Plaza, Suite 110 Houston TX 77046 is applying to the NMOCD for an amendment to previously approved surface commingling permit PLC-439 for the Sterling Silver 33-3 Battery located in Lea County, Section 33 T23S - R319E. Wells are located in Section 33. Production is from the Sand Dunes, Delaware West, Ingle Wells, Bone Spring and Sand Dunes Morrow West Gas.

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.  
#36416

67111848

TALENT ACQUISITION  
OCCIDENTAL PERMIAN  
5 GREENWAY PLAZA, STE 110  
HOUSTON, TX 77046

00253225



To Name	To Address Line 1	To City	To State	To ZIP	TRACKING
HOPE H GOLDMAN TEST TR	103 PARK GARDEN TERRACE	MADISON	MS	39110	_9414811898765896253251
PHILLIP T SPEIGHT	217 BAYBERRY PKWY	MIDLAND	TX	79705	_9414811898765896253268
GWEN WILLIAMS FAMILY LLC	27710 COLD SPRING TRACE	KATY	TX	77494	_9414811898765896253220
LANELL HONEYMAN	406 SKYWOOD CIRCLE	MIDLAND	TX	79705	_9414811898765896253206
LESLIE ROBERT HONEYMAN TRUST	406 SKYWOOD CIRCLE	MIDLAND	TX	79705	_9414811898765896253299
ROGERS RESOURCES LP	416 MANOR VILLAGE CIRCLE	MIDLAND	TX	79707	_9414811898765896253244
PONY OIL OPERATING LLC	4245 N CENTRAL EXPY STE 320 BX 109	DALLAS	TX	75205	_9414811898765896253282
MEREDITH ELLEN MCCONN ZENNER	4919 VAL KEITH DRIVE	HOUSTON	TX	77096	_9414811898765896253237
JOHN RICK MCCONN	5207 GREEN TREE RD	HOUSTON	TX	77056	_9414811898765896253275
MELINDA ANN MCCONN CHERNOSKY	602 FALL RIVER ROAD	HOUSTON	TX	77024	_9414811898765896253817
TD MINERALS LLC	8111 WESTCHESTER DR STE 900	DALLAS	TX	75225	_9414811898765896253855
CHESAPEAKE EXPLORATION LP	P O BOX 203892	DALLAS	TX	75320	_9414811898765896253862
JOHN M SPEIGHT	P O BOX 60871	MIDLAND	TX	79711	_9414811898765896253824
CHEVRON U S A INC	P O BOX 730436	DALLAS	TX	75373	_9414811898765896253800
EOG RESOURCES INC	P O BOX 840321	DALLAS	TX	75284	_9414811898765896253893
PAUL E SPEIGHT	PO BOX 50505	MIDLAND	TX	79710	_9414811898765896253848
CARL T SPEIGHT	PO BOX 72	MIDLAND	TX	79702	_9414811898765896253886
BLM	620 E. GREENE ST.	CARLSBAD	NM	88220	7011 3500 0002 4940 1188

MAILED 04/19/2021

**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Musallam, Sandra C](#); [Schenkel, Beth V](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com); [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#)  
**Subject:** Approved Administrative Order PLC-439-A  
**Date:** Thursday, January 27, 2022 11:14:36 AM  
**Attachments:** [PLC439A Order.pdf](#)

NMOCD has issued Administrative Order PLC-439-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
30-015-27424	Sterling Silver 33 Federal #5	C	33-23S-31E	53815
30-015-27812	Sterling Silver 33 Federal #6	F	33-23S-31E	53815
30-015-27588	Sterling Silver 33 Federal #7	L	33-23S-31E	53815
30-015-27601	Sterling Silver 33 Federal #8	M	33-23S-31E	53815
30-015-27550	Sterling Silver 33 Federal #10	N	33-23S-31E	53815
30-015-27611	Sterling Silver 33 Federal #11	B	33-23S-31E	53815
30-015-27552	Sterling Silver 33 Federal #14	A	33-23S-31E	53815
30-015-29275	Sterling Silver 33 Federal #15	H	33-23S-31E	53815
30-015-31091	Sterling Silver 33 Federal #16	I	33-23S-31E	53815
30-015-33892	Sterling Silver 33 Federal #17	P	33-23S-31E	53815
30-015-32767	Sterling Silver 33 Federal #18	O	33-23S-31E	53815
30-015-34943	Sterling Silver 33 Federal #12	J	33-23S-31E	53815
30-015-25769	Triple S 33 Federal #1	G	33-23S-31E	53815
30-015-39831	Sterling Silver 33 Federal #1H	E/2 E/2	33-23S-31E	33740
30-015-33975	Sterling Silver 33 Deep Federal #9	W/2	33-23S-31E	84720

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-439-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-439.
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:** 1/26/2022

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **PLC-439-A**

Operator: **Oxy USA, Inc. (16696)**

Central Tank Battery: **Sterling Silver 33 Federal 3 Battery**

Central Tank Battery Location: **Unit G, Section 33, Township 23 South, Range 31 East**

Gas Title Transfer Meter Location:

### Pools

Pool Name	Pool Code
INGLE WELLS; BONE SPRING	33740
SAND DUNES; DELAWARE, WEST	53815
SAND DUNES; MORROW, WEST (GAS)	84720

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 045236	All	33-23S-31E

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-27424	Sterling Silver 33 Federal #5	C	33-23S-31E	53815
30-015-27812	Sterling Silver 33 Federal #6	F	33-23S-31E	53815
30-015-27588	Sterling Silver 33 Federal #7	L	33-23S-31E	53815
30-015-27601	Sterling Silver 33 Federal #8	M	33-23S-31E	53815
30-015-27550	Sterling Silver 33 Federal #10	N	33-23S-31E	53815
30-015-27611	Sterling Silver 33 Federal #11	B	33-23S-31E	53815
30-015-27552	Sterling Silver 33 Federal #14	A	33-23S-31E	53815
30-015-29275	Sterling Silver 33 Federal #15	H	33-23S-31E	53815
30-015-31091	Sterling Silver 33 Federal #16	I	33-23S-31E	53815
30-015-33892	Sterling Silver 33 Federal #17	P	33-23S-31E	53815
30-015-32767	Sterling Silver 33 Federal #18	O	33-23S-31E	53815
30-015-34943	Sterling Silver 33 Federal #12	J	33-23S-31E	53815
30-015-25769	Triple S 33 Federal #1	G	33-23S-31E	53815
30-015-39831	Sterling Silver 33 Federal #1H	E/2 E/2	33-23S-31E	33740
30-015-33975	Sterling Silver 33 Deep Federal #9	W/2	33-23S-31E	84720

**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 26374

**CONDITIONS**

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 26374
	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.	1/27/2022