

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

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

ORDER NO. DHC-5222

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 (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. The Well has or is proposed to have multiple laterals, and Applicant has proposed a procedure to prevent cross flow between the laterals.
4. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
5. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
6. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
7. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
8. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

9. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.
10. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.

11. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.
12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
13. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
14. 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 downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Each lateral shall remain segregated until all stimulations are completed, the flowback period is concluded, and its bottomhole conditions reach an equilibrium with the bottomhole conditions of the other lateral(s) to be commingled. Prior to commingling the lateral with other lateral(s), Applicant shall submit a notice of intent to commingle the lateral upon Form C-103 to the OCD Engineering Bureau. The Form C-103 shall include Applicant's confirmation that, for the laterals to be commingled, all stimulations have been completed, the flowback period has concluded, and the bottomhole conditions have reached an equilibrium. Upon OCD's request, Applicant shall submit supplemental data sufficient to demonstrate its confirmation.

If the bottomhole conditions change such that crossflow of fluid occurs between laterals, Applicant shall take all necessary steps and actions to segregate the laterals and within forty-eight (48) hours notify the OCD Engineering Bureau. The lateral shall remain segregated until OCD grants approval to commingle it.

3. Applicant shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
4. If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
5. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the

commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.

- 6. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
- 7. If the downhole commingling of the Pools reduces the value of the 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 downhole commingling application to OCD to amend this Order to remove the pool that 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. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
- 9. 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).
- 10. 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**



DYLAN M. FUGE
DIRECTOR (ACTING)

DATE: 1/20/23

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5222**

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

Well Name: **Oxbow CC 17 8 Federal Com #36H**

Well API: **30-015-45088**

Pool Name: **PIERCE CROSSING; BONE SPRING**

Lateral 1	Pool ID: 50371	Current:	New: X
	Allocation: Fixed Percent	Oil: 33.7%	Gas: 40.7%
	Interval: Perforations	Top: 7,736	Bottom: 13,010

Pool Name: **PIERCE CROSSING; BONE SPRING, EAST**

Lateral 1	Pool ID: 96473	Current:	New: X
	Allocation: Fixed Percent	Oil: 16.9%	Gas: 20.4%
	Interval: Perforations	Top: 13,010	Bottom: 15,650

Pool Name: **CEDAR CANYON; BONE SPRING**

Lateral 1	Pool ID: 11520	Current:	New: X
	Allocation: Fixed Percent	Oil: 16.4%	Gas: 19.8%
	Interval: Perforations	Top: 15,650	Bottom: 18,221

Pool Name: **PURPLE SAGE; WOLFCAMP (GAS)**

Lateral 2	Pool ID: 98220	Current: X	New:
	Allocation: Fixed Percent	Oil: 33.0%	Gas: 19.0%
	Interval: Perforations	Top: 10,199	Bottom: 20,415

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

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 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
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 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

COMMENTS

Action 178125

COMMENTS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 178125
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

COMMENTS

Created By	Comment	Comment Date
dmcclosure	Approved under Action ID: 137879	1/20/2023

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CONDITIONS

Action 178125

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 178125
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

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.	1/20/2023