

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 IV1220 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 DIVISION1220 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 Commingled)
LEASE TYPE: ☐ Fee ☒ State ☐ FederalIs this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. PLC 514A

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(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: 02/01/2023TYPE OR PRINT NAME SANDRA MUSALLAM TELEPHONE NO.: 713-366-5106E-MAIL ADDRESS: SANDRA_MUSALLAM@OXY.COM

Revised March 23, 2017

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: CORRAL FLY 2-1 STATE #34H & MULTIPLE **API:** 30-015-44588 & 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 514A

[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

02/01/2023

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 514A for oil production to add the Corral Fly 02-01 State #34H Bone Spring Pool to the Corral Fly 02-01 Train #2 at the Corral Fly 35-26 Battery (B-02-T25S-R29E). In addition, Challenger 1 State #01H (30-015-36535) has been plugged and will be removed from the commingle permit.

This commingle request includes *future wells within the same pools and leases/CAs of the wells listed below.*

Pool to be added

WELL NAME	API	SURFACE LOCATION	DATE ONLINE	EST OIL (BPD)	EST GRAVITY (API)	EST GAS (MSCFD)	EST BTU/CF	EST WAT (BPD)
POOL: PIERCE CROSSING; BONE SPRING, EAST (96473) - STATE LEASES V033611								
Corral Fly 2-1 State# 34H	30-015-44588	M-02-25S-29E	EST Apr-2023	143	44.1	699	1310	562

*DHC is planned for Bone Spring and Wolfcamp pools for this well

Existing wells/pools

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	96	44.1	268	1310	212
Corral Fly 2-1 State# 22H	30-015-44508	D-02-25S-29E	May-2018	105	44.1	413	1310	289
Corral Fly 2-1 State# 23H	30-015-44509	D-02-25S-29E	May-2018	108	44.1	381	1310	327
Corral Fly 2-1 State# 24H	30-015-44510	M-02-25S-29E	Apr-2018	91	44.1	243	1310	172
Corral Fly 2-1 State# 25H	30-015-44512	M-02-25S-29E	May-2018	108	44.1	327	1310	346
Corral Fly 2-1 State# 26H	30-015-44513	M-02-25S-29E	Apr-2018	82	44.1	241	1310	140
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	141	45.9	385	1334	515
Corral Fly 2-1 State# 32H	30-015-44586	D-02-25S-29E	Nov-2018	112	45.9	279	1334	396
Corral Fly 2-1 State# 33H	30-015-44587	D-02-25S-29E	Nov-2018	125	45.9	331	1334	476
Corral Fly 2-1 State# 34H	30-015-44588	M-02-25S-29E	Oct-2018	110	45.9	322	1334	482
Corral Fly 2-1 State# 35H	30-015-44589	M-02-25S-29E	Oct-2018	113	45.9	175	1334	428
Corral Fly 2-1 State# 36H	30-015-44590	M-02-25S-29E	Oct-2018	113	45.9	146	1334	424
POOL: CORRAL CANYON; DELAWARE, NORTHWEST (96464) - STATE LEASE VA29752								
Challenger 1 State #02H	30-015-37296	3-01-25S-29E	May-2010	36	39.7	75	1275	101

The Corral Fly 02-01 State and Challenger 1 State wells' production 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 through two LACT meters for sale. Oil production is allocated to each well based on monthly well test data.

For testing purposes, the train is equipped with two 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. Corral Fly 02-01 State 34H new Bone Spring completion will be tested daily prior to Range 1 of decline and will be tested at least three times per month during Range 1 of decline. When Range 2 decline is started, it will be tested at least twice per month. It will be tested at least once per month when Range 3 of decline is started. All other wells have been online for over four years and are in Range 3 of decline. They will be tested at least once per month.

Gas production flows through the three-phase production separator and two test separators, where it is measured through an OXY sales-quality check meter at each vessel, then flows to sales. Gas production is allocated back to each well based on the aforementioned well tests. Gas production from the Corral Fly 2-1 Train is commingled per PLC 784C.

Water production is sent from the three-phase separators to water tanks at the battery, then sent 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.

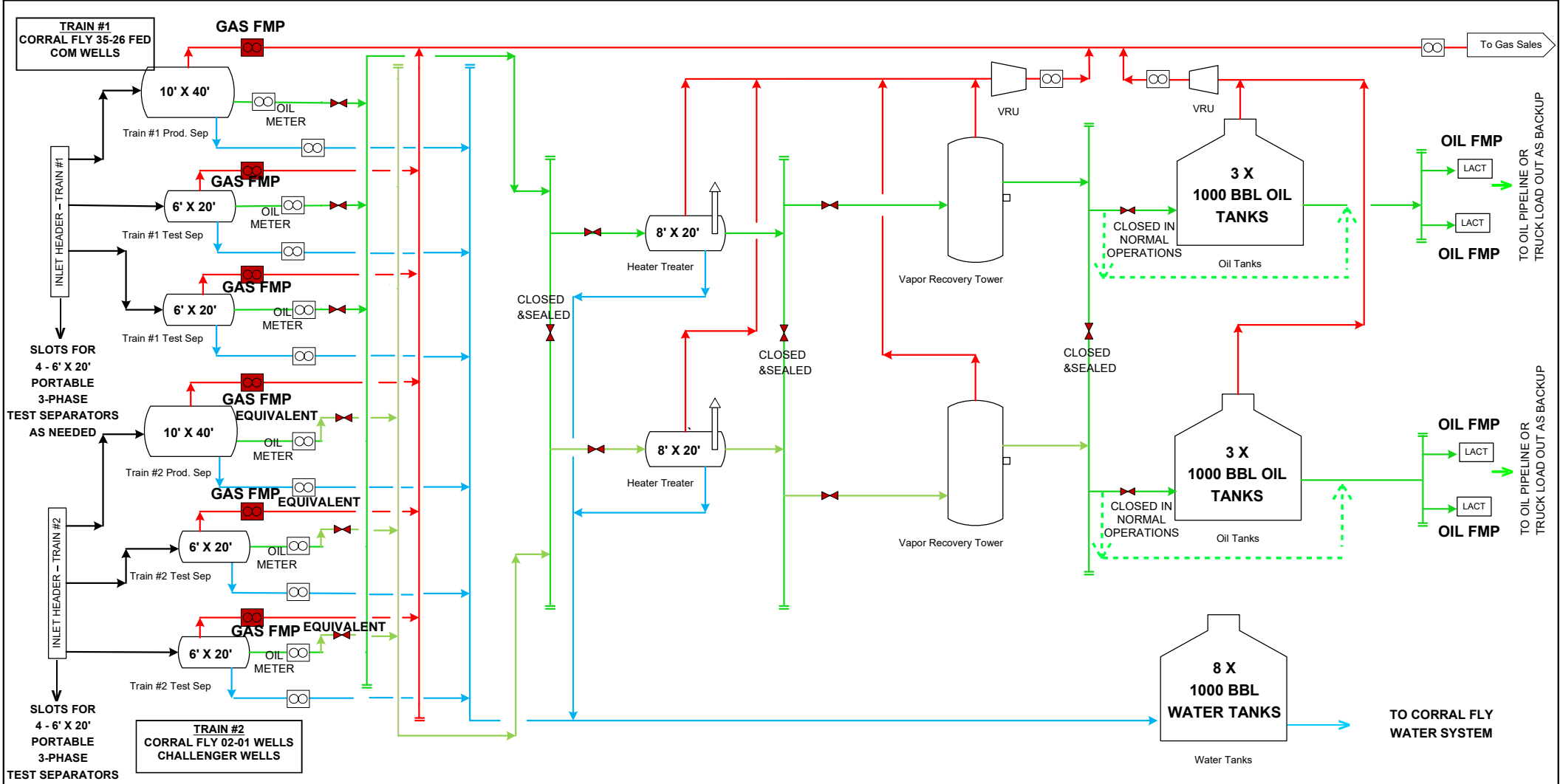
The oil meters will be calibrated on a regular basis per API and NMOCD specifications.

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.





REVISION BLOCK						ENGINEERING RECORD		PROCESS FLOW DIAGRAM CORRAL FLY 35 -26 CTB CORRAL FLY EDDY COUNTY, NEW MEXICO
NO.	DATE	DESCRIPTION	BY	CHK	APP	BY	DATE	
1	7/19/18		LDS			DRN:		
						DES:		
						CHK:		
						APP:		
						AFE:		

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 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

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 August 1, 2011
Submit one copy to appropriate
District Office

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-44588	² Pool Code 96473	³ Pool Name PIERCE CROSSING; BONE SPRING, EAST
⁴ Property Code 319797	⁵ Property Name CORRAL FLY "02-01" STATE	⁶ Well Number 34H
⁷ OGRID No. 16696	⁸ Operator Name OXY USA INC. (16696)	⁹ Elevation 3030.8'

¹⁰ Surface Location

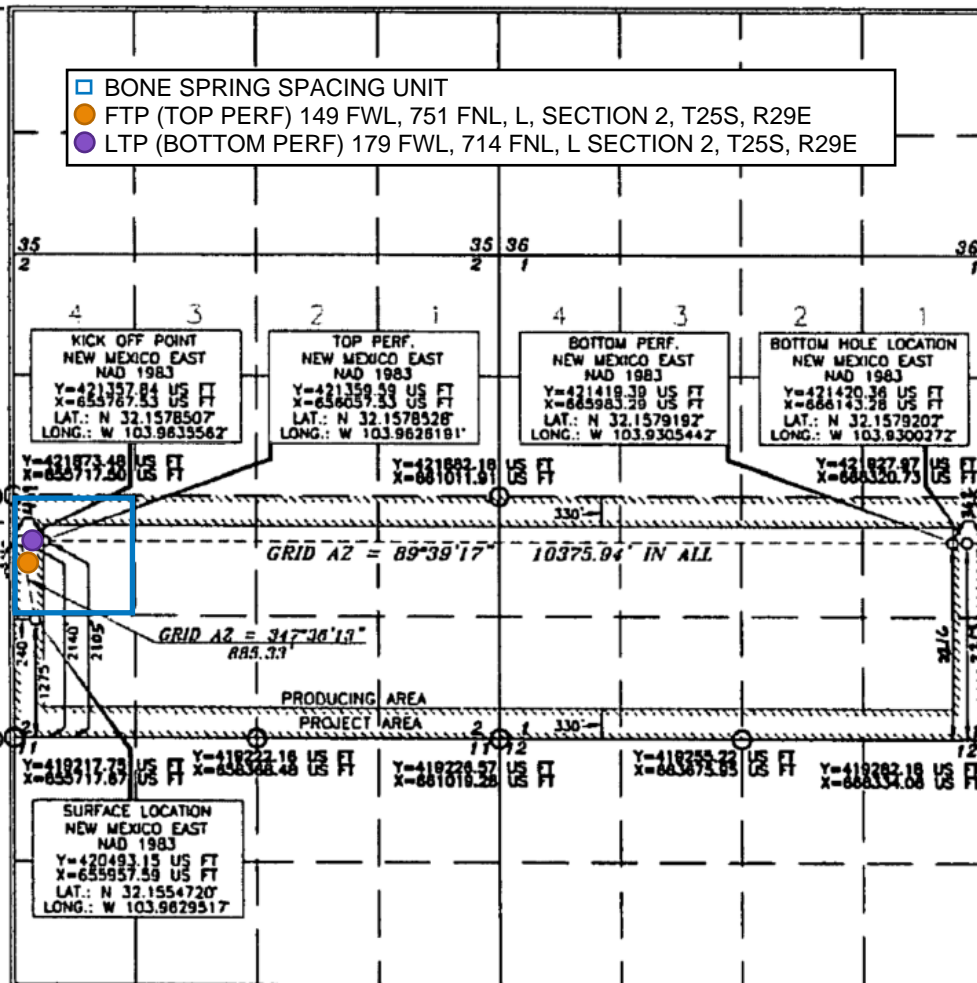
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	25S	29E		1275	FSL	240	WEST	EDDY

¹¹ 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
I	1	25S	29E		2213	SOUTH	143	EAST	EDDY

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.



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 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: Stephen Janacek Date: 2/3/2023

Signature

Date

Printed Name: STEPHEN JANACEK

Printed Name

E-mail Address: STEPHEN_JANACEK@OXY.COM

E-mail Address

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



**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

February 9, 2023

Re: Request for Pool and Lease Commingling, Off-lease Measurement, Sales, & Storage for the
Corral Fly 02-01 Train #2 at Corral Fly 35-26 Battery

Dear Interest Owner:

This is to advise you that OXY USA INC is filing an application with the NMOCD to amend PLC 514A for oil production at the Corral Fly 02-01 Train #2 at Corral Fly 35-26 Battery. A copy of the application is attached. This request is for *existing and future wells in the Lease / Communitization Agreements and Pools in the attached 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 Sandra Musallam at (713) 366-5106.

Respectfully,

A handwritten signature in black ink, appearing to read "SMusallam".

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

MAILED 2/9/23

To Company Name	To Name	To Address Line 1	To City	To State	To ZIP	Tracking
COMMISSIONER OF PUBLIC LANDS	STATE OF NEW MEXICO	P O BOX 1148	SANTA FE	NM	87504	_9414811898765838026028
	CONTANGO RESOURCES INC	301 NW 63RD ST STE 300	OKLAHOMA CITY	OK	73116	_9414811898765838026097

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005582687

This is not an invoice

OXY USA INC

5 GREENWAY PLAZA OFFICE 29.076

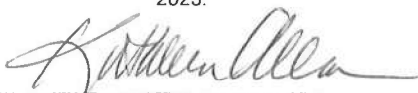
HOUSTON, TX 77046

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:

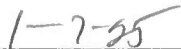
02/07/2023


Legal Clerk

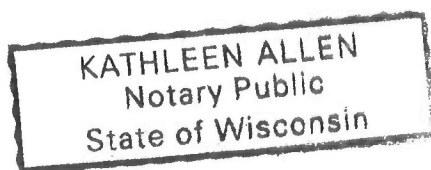
Subscribed and sworn before me this February 7,
2023:



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 514A for oil production at Corral Fly 35-26 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. #5582687, Current Argus, Feb. 7, 2023

Ad # 0005582687

PO #: CORRAL FLY 02-01 34H OIL

of Affidavits: 1

This is not an invoice

From: [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)
To: [Musallam, Sandra C](#)
Cc: [McClure, Dean, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Dawson, Scott](#); [Lamkin, Baylen L.](#)
Subject: Approved Administrative Order PLC-514-B
Date: Friday, April 28, 2023 8:12:28 AM
Attachments: [PLC514B Order.pdf](#)

NMOCD has issued Administrative Order PLC-514-B 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
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	
		L	2-25S-29E	96473
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	
30-015-37296	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

CORRAL FLY 2-1 34H OIL COMMINGLE
SLO DELIVERY NOTIFICATION

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Delivered, Individual Picked Up at Postal Facility
SANTA FE, NM 87501
February 13, 2023, 10:26 am
[See All Tracking History](#)

**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-B

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 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.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. 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.
6. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10.C.(4)(g) NMAC.
7. 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

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

10. 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.
11. 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.
12. 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.
13. 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.
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 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 or gas title transfer meter 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 or gas title transfer meter described in Exhibit A.

2. This Order supersedes Order PLC-514-A.
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, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
9. If a well is not included in Exhibit A but produces from a pool and 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, proposed method to determine the allocation of oil production to it, and the location(s) that commingling of its production will occur.
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**



DYLAN M. FUGE
DIRECTOR (ACTING)

DATE: 4/20/23

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-514-B
Operator: Oxy USA, Inc. (16696)
Central Tank Battery: Corral Fly 35 26 Battery
Central Tank Battery Location: UL 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 2975 0002	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
V0 3361 0001	L	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	
		L	2-25S-29E	96473
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	
30-015-37296	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 185607

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 185607
	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.	4/28/2023