

March 1, 2024

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

Re: Lease Commingle Application for Palmillo 14-15 State CTB Palmillo 14 State, Palmillo 14-15 State COM, Palmillo 14-15 State Township 19 South, Range 28 East Sections 14 and 15 Eddy County New Mexico

Dear Mr. McClure:

Please find attached the commingle application for the Palmillo 14-15 state CTB Battery. This application is necessary due to multiple leases

Commingling will not reduce the individual wells production or otherwise affect the interest owners. It is the most effective means of producing the reserves. The Surface commingle permit has been submitted separately for approval to the New Mexico State Land Office

Apache request the option to include additional pools or leases within the defined parameters set forth in the Order for future additions pursuant to 19.15.12.10 (C) (4) (G) NMAC with notice provided to only the interest owners of production to be added.

Future wells within the project areas approved by this Order may be added to this commingle authority by submittal of a sundry notice to the Engineering Bureau in Santa Fe

Should you have any questions or need further assistance, please do not hesitate to contact me at 432-818-1088

Best regards,

Alicia Fulton

alicia fulton

EHS Advisor -Regulatory Alicia.fulton@apachecorp.com

432-818-1088

RECEIVED:	REVIEWER:	TYPE:	APP NO:	
		ABOVE THIS TABLE FOR OCD I	DIVISION USE ONLY	
	NEW MEXIC	O OIL CONSERV	ATION DIVISION	ANE OF NEW MESTIC
		cal & Engineering		(Atha)
	1220 South St. Fro	•	•	2
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THIS	S CHECKLIST IS MANDATORY FOR AL	L ADMINISTRATIVE APPLIC	ATIONS FOR EXCEPTIONS T	
	REGULATIONS WHICH REG	Quire processing at thi	e division level in santa	√FE
Applicant: APAC	HE CORPORATION		OGR	ID Number: 873
	MILLO 14-15 AND PALMILL	O 14	API:	
Pool: PALMILLO;	BONE SPRING , SOUTHWEST		Pool	Code: 96413
SUBMIT ACCU	RATE AND COMPLETE INF	ORMATION REQUINDICATED BELO		THE TYPE OF APPLICATION
	LICATION: Check those v			
	n – Spacing Unit – Simult ]NSL	aneous Dedication		SD
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2) NOTIFICATIO	N REQUIRED TO: Check t	those which apply	N/	TOK OCD ONLI
•	et operators or lease hold		y ·	■ Notice Complete
	alty, overriding royalty ov		vners	Application
C.☐ App	lication requires publishe	ed notice		Content
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11 110.1	ionce required			
3) CERTIFICATIO	N: I hereby certify that t	he information su	bmitted with this	application for
administrativ	e approval is <b>accurate</b> o	and <b>complete</b> to	the best of my kno	owledge. I also
	hat <b>no action</b> will be tak	· ·	ation until the requ	uired information and
notifications	are submitted to the Div	ision.		
	Note: Statement must be complet	led by an individual with	h managerial and/or sup	pervisory capacity.
			3/1/2024	
ALICIA FULTON			Date	
Print or Type Name	<i>ż</i>			
, , , , , , , , , , , , , , , , ,			432-664-1945	
1	Λι		Phone Number	
alicia fu	cton			
				N@APACHECORP.COM
Signature			e-mail Address	

<u>District I</u>
1625 N. French Drive, Hobbs, NM 88240
<u>District II</u>
811 S. First St., Artesia, NM 88210

811 S. First St., Artesia, NM 88210

<u>District III</u>
1000 Rio Brazos Road, Aztec, NM 87410

<u>District IV</u>
1220 S. St Francis Dr, Santa Fe, NM

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.

APPLICAT	ION FOR SURFACE	COMMINGLING	(DIVERSE	OWNERSHIP)	
DPERATOR NAME: APACHE CORPORATION					
APPLICATION TYPE:	PPLICATION TYPE:				
☐ Pool Commingling ☐ Lease Co	mmingling Pool and Lease Co	mmingling Off-Lease	Storage and Measu	rement (Only if not Surface	e Commingled)
LEASE TYPE:	X State  Fede				
Is this an Amendment to existin Have the Bureau of Land Mana					ingling
Yes □No	gement (BLM) and State Land	i office (SLO) been not	illed ill writing	or the proposed comm	inging
		OL COMMINGLIN ts with the following in			
	Gravities / BTU of	Calculated Gravities /		Calculated Value of	
(1) Pool Names and Codes	Non-Commingled	BTU of Commingled		Commingled	Volumes
	Production	Production		Production	
				-	
		_		-	
		_		_	
				  -	
(2) A	11				
<ul><li>(2) Are any wells producing at to</li><li>(3) Has all interest owners been r</li></ul>	p allowables? LYes LNo otified by certified mail of the pro	onosed commingling?	□Yes □No.		
(4) Measurement type:  Meters		oposed comminging.			
	e value of production? \(\begin{aligned} \text{Yes} \\ \end{aligned}\)	☐No If "yes", descri	be why commingl	ing should be approved	
	(B) LEA	SE COMMINGLIN	IG.		
Please attach sheets with the following information					
(1) Pool Name and Code. Palmillo; Bone Spring, Southwest (96413)					
(2) Is all production from same source of supply?					
(4) Measurement type: Meter	ing  Other (Specify) alloc	posed commingling?	∐∆Yes ∐N	0	
(4) Wedsdrement type.	alloc	ation by well test/me	tering		
	` /	LEASE COMMIN			
	Please attach sheet	ts with the following in	nformation		
(1) Complete Sections A and E.					
	(D) OFF-LEASE ST	ODACE and MEA	CHDEMENT		
		ets with the following			
(1) Is all production from same se					
(2) Include proof of notice to all					
	(E) ADDITIONAL INFO			ypes)	
(1) A sohometic diagram of facili	ty, including legal location. atta	ts with the following in	nformation		
	howing all well and facility locat		ers if Federal or St	ate lands are involved.	uttached
(3) Lease Names, Lease and Wel	N	attached			ittaoriea
*1					
I hereby certify that the information		best of my knowledge an	d belief.	2.4	1 2024
SIGNATURE: alicia f	ulton T	ITLE: REG. TECH		DATE:	1-2024
TYPE OR PRINT NAME_ALICI			TEI	EPHONE NO.: <u>432-8</u>	18-1088
E-MAIL ADDRESS: alicia.fult	on@apachecorp.com				



1/23/2024

New Mexico Oil Conservation Division 1220 South St. Frances Drive Santa Fe, NM 87505

RE: Request for Administrative Surface Commingling Authority

Palmillo 14-15 State Battery Eddy County, New Mexico

Apache respectfully requests administrative approval to surface commingle at the Palmillo 14-15 State Battery.

#### **Proposal:**

Apache proposes to allocate production between the following wells based on frequent and periodic well tests. The wells will be tested using a dedicated test separation vessel for 3 days consecutively, monthly

•	Palmillo 14-15 State 2H	API: 30-015-44043
•	Palmillo 14-15 State 3H	API: 30-015-44045
•	Palmillo 14-15 State 205H	API: 30-015-44667
•	Palmillo 14-15 State 206H	API: 30-015-44675
•	Palmillo 14-15 State 207H	API: 30-015-44668
•	Palmillo 14-15 State 208H	API: 30-015-44669
•	Palmillo 14-15 State 301H	API: 30-015-44040
•	Palmillo 14-15 State 302H	API: 30-015-45341
•	Palmillo 14-15 State 303H	API: 30-015-45380
•	Palmillo 14-15 State 305H	API: 30-015-45343
•	Palmillo 14-15 State 306H	API: 30-015-45382
•	Palmillo 14-15 State 307H	API: 30-015-45381
•	Palmillo 14 State 1H	API: 30-015-39027
•	Palmillo 14 State 4H	API: 30-015-42543

This commingling request is the most effective, economic means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses by utilizing existing facilities as well as eliminating the original Palmillo 14 facility liquid tankage and associated potential emissions.

#### **Measurement:**

The Palmillo 14-15 State central tank battery is located in Sec 14, T19S, R29E. The existing Palmillo 14-15 State 2H, 3H, 205H, 206H, 207H, 208H, 301H, 302H, 303H, 305H, 306H, and 307H production will flow through bulk and test three-phase separation vessels. A three phase metering bulk-separator (to test cumulative production) or a three phase metering tester (to test wells individually) will be utilized to test each well's production separately to fairly allocate oil and gas production on a pro-rata share. Wells will be rotated through the metering tester for 3 consecutive days, monthly. The separators and testers will be equipped with a vortex meter for oil measurement, magnetic flow meter for water measurement, and a differential pressure/orifice plate meter for gas measurement. VRU gas volumes will be measured with a differential pressure/orifice plate meter and volumes will be allocated back to each well utilizing a percentage of each wells monthly oil production.

The two additional Palmillo 14 State 1H and 4H wells' will be separated and measured using two three-phase test separators (one each) and, a two-phase gas scrubber to enhance gas separation at the adjacent Palmillo 14 Facility. Gas volumes for these two wells will continue to be measured and sold from the original Palmillo 14 facility gas orifice plate meter and pipeline. The oil and water will be combined into an emulsion line that flows directly from the Palmillo 14 Facility separator to a Palmillo 14-15 bulk separator. The testers are equipped with a vortex meter for oil measurement, magnetic flow meter for water measurement, and a differential pressure/orifice plate meter for gas measurement.

Please find the proposed Palmillo 14-15 and Palmillo 14 facility layouts attached.

Please advise if this request is acceptable. If additional information is required, please contact Alicia Fulton, Sr. Regulatory Analyst, at (432) 818-1088 or alicia.fulton@apachecorp.com or me at (409) 221-9271 or Phillip.Clemmons@apachecorp.com.

Sincerely,

Phillip Clemmons
Production Engineer

Delaware Basin Asset

Enclosure / Enclosures (1)

P. Klemmonz



January 25, 2024

New Mexico Oil Conservation Division Attn: Dean McClure 1220 South St. Francis Dr. Santa Fe, NM 87505

Re: Application for Surface Commingling: Sections 14 and 15, Township 19S, Range 28E, Eddy County, New Mexico:

API	WELL
30-015-39027	PALMILLO 14 ST COM #1H
30-015-42543	PALMILLO 14 ST COM #4H
30-015-44667	PALMILLO 14-15 ST #205H
30-015-44675	PALMILLO 14-15 ST #206H
30-015-44668	PALMILLO 14-15 ST #207H
30-015-44043	PALMILLO 14-15 ST #2H
30-015-44040	PALMILLO 14-15 ST #301H
30-015-45341	PALMILLO 14-15 ST #302H
30-015-45380	PALMILLO 14-15 ST #303H
30-015-45381	PALMILLO 14-15 ST #307H
30-015-44045	PALMILLO 14-15 ST #3H
	PALMILLO 14-15 ST COM
30-015-44669	#208H
	PALMILLO 14-15 ST COM
30-015-45343	#305H
	PALMILLO 14-15 ST COM
30-015-45382	#306H

# Ladies and Gentlemen:

Apache hereby requests for surface commingling under State of New Mexico leases X0-648 and E0-5003 as it pertains to the following described lands:

Township 19 South, Range 28 East
Sections 14 and 15: All
Eddy County, New Mexico

The royalty ownership is identical across the sections; however, the working interest and overriding royalty interests differs slightly across the sections. A spreadsheet showing the ownership between the two sections is attached as Exhibit A to this letter.

A voluntary agreement (Joint Operating Agreement dated March 26, 2014) evidences the consent by all parties; additionally, notice has been provided to all interest owners of this application for surface commingling.

For future additions of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases, or pools to be added, in accordance with Division Rule 19.15.12.10 C (4) (g) NMAC.

If you have any questions, please contact me via email at <u>blake.johnson@apachecorp.com</u> or telephone at 281-302-2606

Sincerely,

Blake Johnson Landman



# Exhibit A

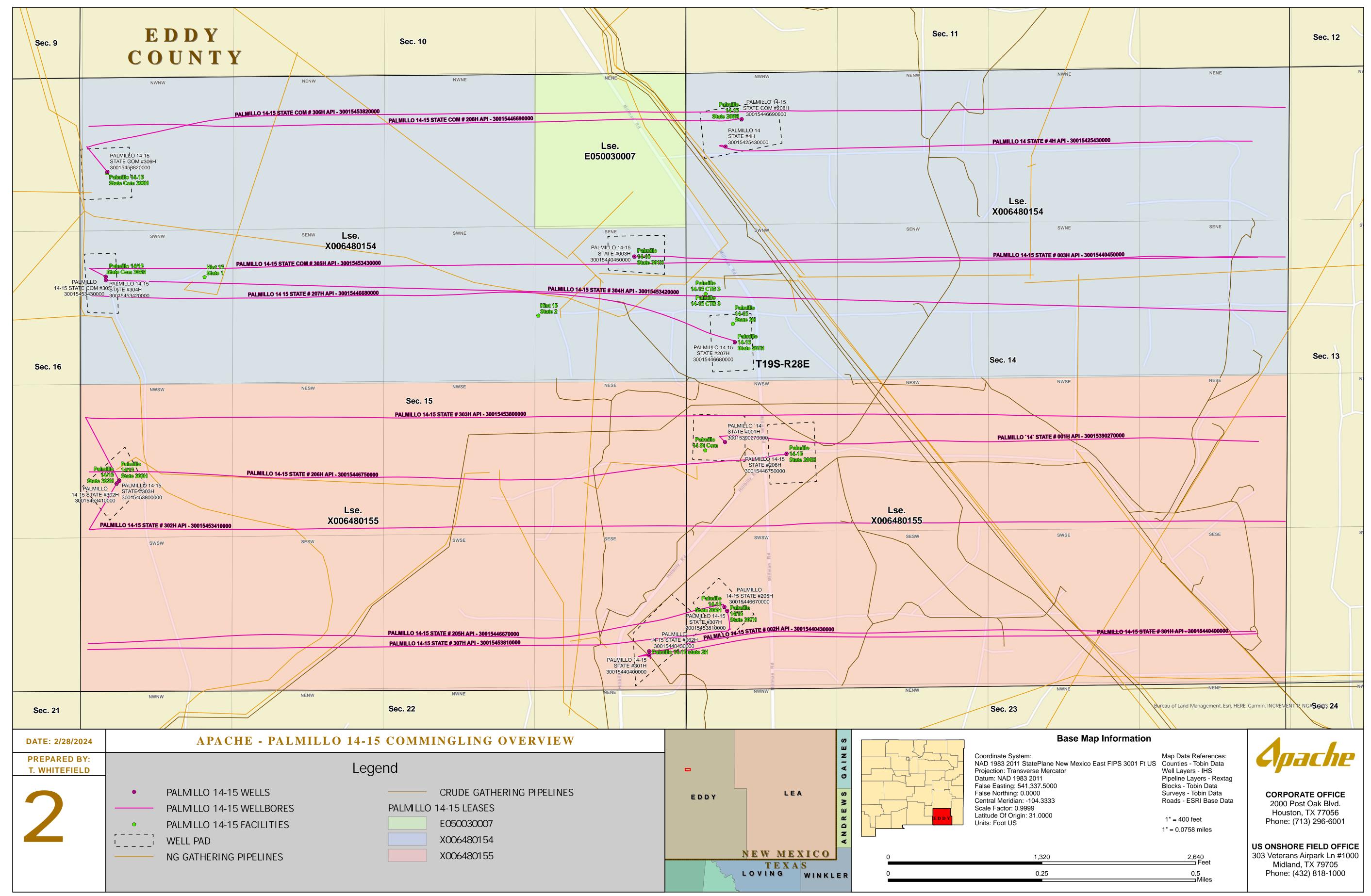
WELL PALMILLO 14 ST COM #1H PALMILLO 14 ST COM #4H	INTEREST TYPE	OWNER	INTEREST
	Working Interest	ZPZ Delaware I LLC	0.40000000
		COG Operating LLC	0.10000000
		Penroc Oil Corporation	0.15972222
		WPX Energy Permian LLC	0.15972222
		EOG Resources Inc	0.18055556
	Royalty Interest	State of New Mexico	0.12500000
	Overriding Royalty	Nestegg Energy Corporation	0.00125000
		Yates Brothers Partnership	0.00225694
		Marathon Oil Permian LLC	0.01996528

WELL			
PALMILLO 14-15 ST #206H	INTEREST TYPE	OWNER	INTEREST
	Working Interest	Apache Corporation	0.62805556
		ZPZ Delaware I LLC	0.34000000
		Penroc Oil Corporation	0.03194444
	Royalty Interest	State of New Mexico	0.12500000
	Overriding Royalty	Nestegg Energy Corporation	0.00100000
		Yates Brothers Partnership	0.0225695
		Marathon Oil Permian LLC	0.01257693

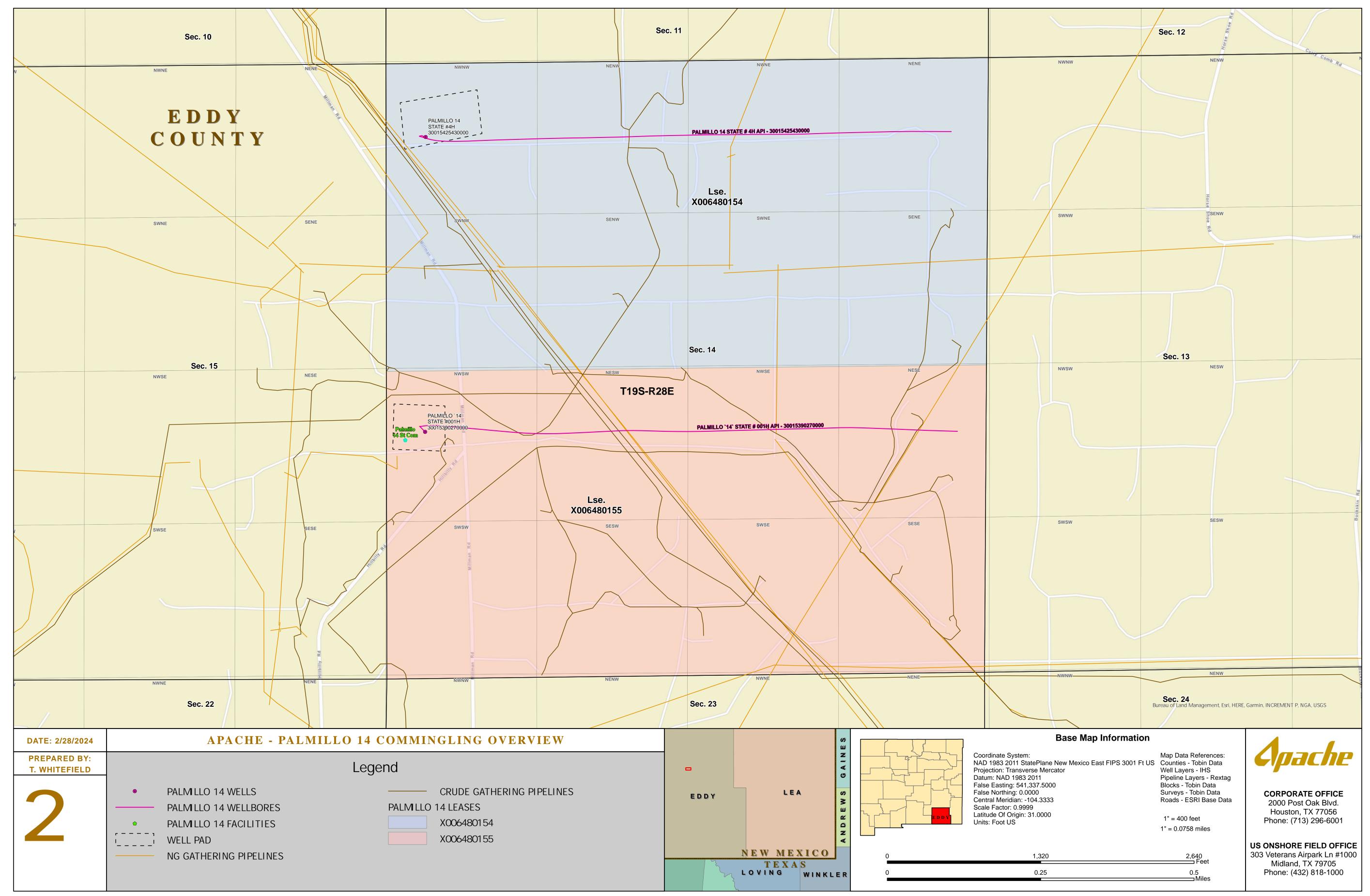
WELL			
PALMILLO 14-15 ST #2H	INTEREST TYPE	OWNER	INTEREST
PALMILLO 14-15 ST #301H			
PALMILLO 14-15 ST #3H			
	Working Interest	Apache Corporation	0.39027780
		ZPZ Delaware I LLC	0.45000000
		Penroc Oil Corporation	0.15972220
	Royalty Interest	State of New Mexico	0.12500000
	Overriding Royalty	Nestegg Energy Corporation	0.00125000
		Marathon Oil Permian LLC	0.01996528
		Yates Brothers Partnership	0.02256944

WELL			
PALMILLO 14-15 ST #302H	INTEREST TYPE	OWNER	INTEREST
PALMILLO 14-15 ST #303H			
PALMILLO 14-15 ST #307H			
PALMILLO 14-15 ST COM			
#305H			
PALMILLO 14-15 ST COM			
#306H			
	Working Interest	Apache Corporation	0.58095238
		ZPZ Delaware I LLC	0.41904762
	Royalty Interest	State of New Mexico	0.12500000
	Overriding Royalty	Nestegg Energy Corporation	0.00203571
		Yates Brothers Partnership	0.02256944
		WPX Energy Permian LLC	0.00570437
		Marathon Oil Permian LLC	0.01426091

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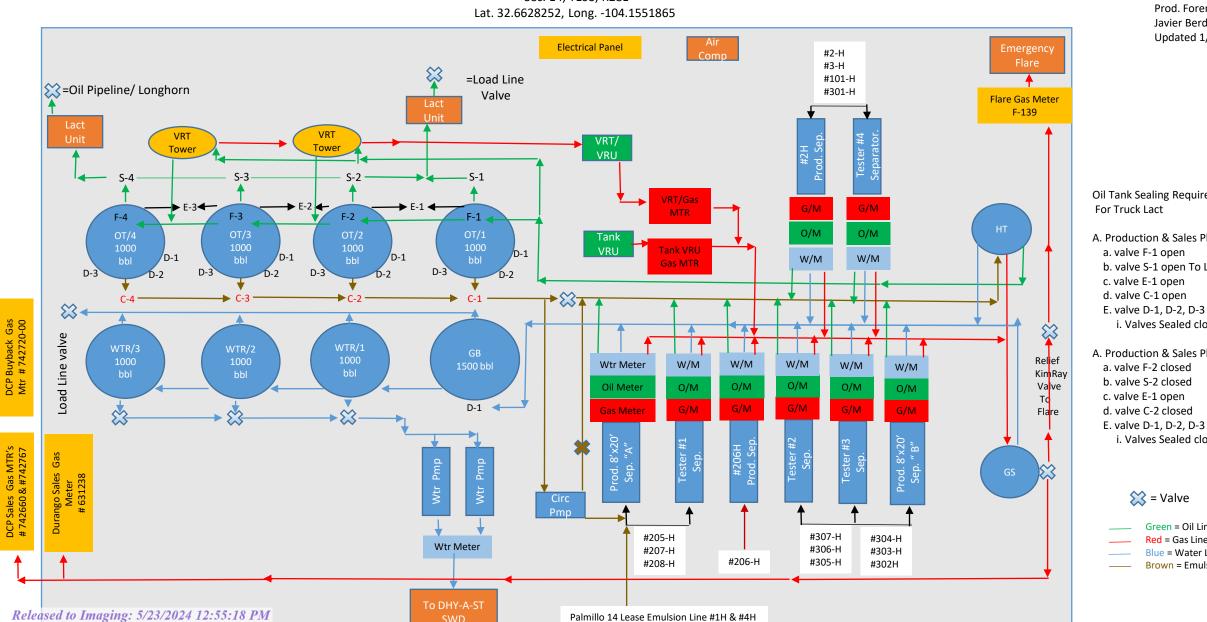


# **Apache Corporation**

Palmillo 14 & 14-15

# State 3 Commingle Battery

Sec. 14, T19S, R28E



Page 12 of 33

Apache Corp. 1945 Bluestem Rd. Artesia, NM 88210 575-677-3642 Prod. Foreman Javier Berdoza Updated 1/16/24

Oil Tank Sealing Requirements

A. Production & Sales Phase (OT/1)

b. valve S-1 open To Lact Unit

i. Valves Sealed closed

A. Production & Sales Phase (OT/2)

E. valve D-1, D-2, D-3

i. Valves Sealed closed

💢 = Valve

Green = Oil Lines Red = Gas Lines

Blue = Water Lines **Brown** = Emulsion Lines

# Apache Corporation

# Palmillo 14 & 14-15

# State 3 Commingle Battery

Sec. 14, T19S, R28E Lat. 32.6628252, Long. -104.1551865

# CTB Equipment Inventory:

Oil Tank MFG: Long Industries, East Tank #1, Serial # 5-17-019-TK-6 Oil Tank MFG: Long Industries, Middle Tank #2, Serial # 5-17-019-TK-7

Oil Tank MFG: Petrosmith, Middle Tank #3, Serial # T-14694 Oil Tank MFG: Petrosmith, West Tank #4, Serial # T-15158 Gun Barrel Tank MFG: Petrosmith, Serial # T-12746

Water Tank MFG: Long Industries, East Tank #1, Serial # 5-17-019-TK-4 Water Tank MFG: Long Industries, Middle Tank #2, Serial # 5-17-019-TK-5

Water Tank MFG: Petrosmith, West Tank #3, Serial # T-14692

Circ. Pump MFG: Roper, Pump #1, Serial # G-890720

WTR Middle Pump MFG: Griswold/ Grundfos, Serial# 10000006/ 1809242066 WTR East Pump MFG: Griswold/ Grundfos, Serial# 10000006/ 1809242066

Electrical Gas Compressor MFG: BOSS-VRU-100hp, Serial # 121286 North Electrical Gas Compressor MFG: BOSS-VRU-100hp, Serial # 123215 South

Lact Unit MFG: Smith, Skid Serial # 9852-2 Lact Unit MFG: Smith, Skid Serial # 8868-3 Air Compressor: Ingersoll, Serial # CBV511575

Heater Treater MFG: Dragon, Serial # 161311, BTU/ hr 750,000 Flare MFG: Vaprox LLC, Serial # APAC-0006, Pilot BTU/Hr 10,000

## CTB Equipment Inventory:

Separator MFG: Dragon, 8'x20' Prod 3-Phase, Serial # 112681

Separator MFG: Dragon, Tester #1, Serial # 161414 Separator MFG: Dragon, #206H, Serial # 161413 Separator MFG: Dragon, Tester #2, Serial # 161415

Separator MFG: Long Industries, Tester #3, Serial # 6-17-068-003 Separator MFG: Dragon, 8'x20' Prod 3-Phase, Serial #112680 Separator MFG: Long Industries, #2H, Serial # 6-17-068-004

Separator MFG: Vicking, Tester #4, Serial #7768

Separator MFG: Long Industries, Gas Scrubber, Serial # 6-17-011-006

Separator MFG: Hybon, Oil Tower 4'x40', Serial # N/A Separator MFG: Hybon, Oil Tower 4'x40', Serial # N/A

Separator MFG: Dragon 48"x10', Suction G.S, Serial # 161996 Separator MFG: Hi-Tech, Fuel Scrubber, Serial # HTP-????

Equip. Inventory: Compressor Station Rental Info

Gas Compressor MFG: Pegasus, East-3516, Serial # 3-115

Gas Compressor MFG: Pegasus, West-3516, Serial # 3-276 or 3-718

Dehy Manufacturer: Bold, Serial # / D097

300M BTU/HR Glycol Regen w/ 24"x 25' S/S 8T 1440# Filter Separator: 12-3/4" x 7' S/S 1440# HZ & Spiral B-Tex

# Apache Corporation

Palmillo 14 & 14-15

# State 3 Commingle Battery

Sec. 14, T19S, R28E Lat. 32.6628252, Long. -104.1551865

# Wells Producing At This Facility:

# Palmillo Leases:

14 ST #1H (Future Commingling)

• 30-015-39027

14 ST #4H (Future Commingling)

• 30-015-42543

14-15 ST #2H

• 30-015-44043

14-15 ST #3H

• 30-015-44045

14-15 ST #205H

• 30-015-44667

14-15 ST #206H

• 30-015-44675

14-15 ST #207H

• 30-015-44668

14-15 ST COM #208H

• 30-015-44669

14-15 ST #301H

• 30-015-44040

14-15 ST #302H

• 30-015-45341

14-15 ST #303H

• 30-015-45380

14-15 ST COM #305H

• 30-015-45343

14-15 ST COM #306H

• 30-015-45382

14-15 ST #307H

• 30-015-45381

# **Affidavit of Publication**

26754

tate of New Mexica

tate of New Me County of Eddy

anny Scott Being duly sworn, sayes that he is the

**Publisher** 

of the Artesia Daily Press, a daily newspaper of General

rculation, published in English at Artesia, said county

and that the hereto attached

# Legal Ad

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

Consecutive weeks/day on the same

day as follows:

First Publication

January 18, 2024

Second Publication

January 25, 2024

Third Publication

February 1, 2024

Fourth Publication

Fifth Publication

Sixth Publication

Subscribed ans sworn before me this

1st

day of

February

2024

LATISHA ROMINE Notary Public, State of New Mexico Commission No. 1076338 My Commission Expires 05-12-2027

Latisha Romine

Notary Public, Eddy County, New Mexico

# **Copy of Publication:**

PRODUCTION WILL BE ALLOCATED BY WELL TEST. INTERESTED PAR NG WITH THE DIVISIONS SANTA FE OFFICE 1220 SOUTH ST. FRANCIS PALMILLO; BONE SPRING SOUTHWEST (POOL 96413) LOCATED IN SEC 2H,301H,302H,303H,307H,3H COMMINGLED PRODUCTION FROM THE PALMILLO 14 STATE 1H,4H,AND PALMILLO 14-15 STATE 205H,206H,207H MEXICO AND THE PALMILLO 14-15 STATE COM WELLS 208H,305H,306H PACILITY IS LOCATED IN SECTION 14, T19S, R28E EDDY COUNTY, NEW IES MUST FILE OBJECTIONS OR REQUESTS FOR HEARING IN WRIT-

Published in the Artesia Daily Press, Artesia, N.M., Feb. 1, 2024 Legal No. 26754

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Si MIDLAND, TX 79701	KHODY LAND & MINERALS COMPANY  Seni 210 PARK AVENUE STE 900  Sirie OKLAHOMA, OK 73102
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7018 1830	\$ EOG Te PO BOX 840321 \$ DALLAS, TX 75281 Si City, State, ZIP+4*
	PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions



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303 Veteran's Airpark Lane Midland, TX, US, 79705

TO Commissioner of Public Lands

Attn: Commingling Manager 310 Old Santa Fe Trail Santa Fe, NM, US, 87501

REFERENCE USP151

SHIPPER REFERENCE USP151

PACKAGING TYPE FedEx Envelope

ORIGIN Midland, TX, 79705

DESTINATION Santa Fe, NM, US, 87501

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STANDARD TRANSIT Wed, 02/07/2024 by 10:30am

NUMBER OF PIECES 1

TOTAL SHIPMENT WEIGHT 0.50 LB

SERVICE TYPE FedEx Priority Overnight®

From: <u>Fulton, Alicia</u>
To: McClure, Dean, EMNRD

 Subject:
 [EXTERNAL] RE: Action ID: 319494; CTB-870-A

 Date:
 Tuesday, May 21, 2024 10:31:16 AM

Attachments: jmage001.png
Palmillo 14 only.pptx

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

Good Morning Dean,

Please see attached Palmillo 14 CTB diagram - I have attached a current diagram and then a proposed diagram after we are approved to commingle . All oil will go to the Palmillo 14-15 CTB and only gas will go to the Palmillo 14 CTB

The Palmillo 14-15 CTB is in the SW/NW (unit letter E) of section 14 T19S 28E but straddles over into section 15 (see below) The Palmillo 14 CTB is in NW/SW (unit letter L) of section 14 T19S 28 E

The gas sales meters are in I NW/SW for Palmillo 14 and the gas meters for Palmillo 14-15 are in the SW/NW

All oil is sold at the Palmillo 14-15 CTB SW/NW



а

Hope this explains everything.

Thank you, Alicia Fulton EHS Advisor Regulatory Apache Corporation 432-818-1088

From: McClure, Dean, EMNRD < Dean. McClure@emnrd.nm.gov>

Sent: Thursday, May 16, 2024 1:32 PM
To: Fulton, Alicia < Alicia. Fulton@apachecorp.com>
Subject: [EXTERNAL] Action ID: 319494; CTB-870-A

To whom it may concern (c/o Alicia Fulton for Apache Corporation),

The Division is reviewing the following application:

Action ID	319494	
Admin No.	CTB-870-A	
Applicant	Apache Corporation (873)	
Title	Palmillo 14 15 State 3 Battery	
Sub. Date	3/1/2024	

#### Please provide the following additional supplemental documents:

• Please provide a facility diagram for the Palmillo 14 Facility

#### Please provide additional information regarding the following:

- Please confirm that both batteries are within the SW/4 SW/4 of section 14, Township 19 South, Range 29 East
- $\bullet \ \ \mathsf{Please} \ \mathsf{provide} \ \mathsf{the} \ \mathsf{quarter} \mathsf{-} \mathsf{quarter} \ \mathsf{location} \ \mathsf{of} \ \mathsf{all} \ \mathsf{sales} \ \mathsf{meters} \ \mathsf{for} \ \mathsf{this} \ \mathsf{commingling} \ \mathsf{project}$

#### Additional notes:

•

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

Dean McClure

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

**CAUTION:** This email originated <u>outside</u> of Apache. If you are unsure about this message, click "Report Suspicious" or send to <u>phish@apachecorp.com</u>

From: McClure, Dean, EMNRD on behalf of Engineer, OCD, EMNRD

To: <u>Fulton, Alicia</u>

Cc: McClure, Dean, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Lamkin, Baylen L.

Subject: Approved Administrative Order CTB-870-A

Date: Approved Administrative Order CTB-870-A

Thursday, May 23, 2024 12:45:33 PM

Attachments: CTB870A Order.pdf

NMOCD has issued Administrative Order CTB-870-A which authorizes Apache Corporation (873) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-44043	Palmillo 14 15 State #2H	S/2 S/2	14-19S-28E	96413
30-015-44045	Palmillo 14 15 State #3H	S/2 N/2	14-19S-28E	96413
30-015-44667	Palmillo 14 15 State #205H	S/2 S/2	15-19S-28E	96413
30-015-44675	Palmillo 14 15 State #206H	NW/4 SW/4	14-19S-28E	06412
		N/2 S/2	15-19S-28E	90413
30-015-44668	Palmillo 14 15 State #207H	S/2 N/2	14-19S-28E	96413
30-015-44669	Palmillo 14 15 State Com #208H	N/2 N/2	15-19S-28E	96413
30-015-44040	Palmillo 14 15 State #301H	S/2 S/2	14-19S-28E	96413
30-015-45341	D 1 91 444504 4 4303T	N/2 S/2	14-19S-28E	0(412
	Palmillo 14 15 State #302H	N/2 S/2	15-19S-28E	90413
30-015-45380	Dalasilla 14 15 State #20211	N/2 S/2	14-19S-28E	96413
	Palmillo 14 15 State #303H	N/2 S/2	15-19S-28E	
30-015-45343	D.1	N/2 N/2	14-19S-28E	96413
	Palmillo 14 15 State Com #305H	N/2 N/2	15-19S-28E	
30-015-45382	D-191- 14 15 C(-4- C)   20/II	N/2 N/2	14-19S-28E	96413 96413 96413 96413 96413
	Palmillo 14 15 State Com #306H	N/2 N/2	15-19S-28E	
30-015-45381	Palmillo 14 15 State #307H	S/2 S/2	15-19S-28E	96413
30-015-39027	Palmillo 14 State #1H	N/2 S/2	14-19S-28E	96413
30-015-42543	Palmillo 14 State #4H	N/2 N/2	14-19S-28E	96413

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 Palmillo 14-1H Pre-Commingle

Green = Oil Lines

Blue = Water Lines

Red = Gas Lines

# Apache Corporation

Palmillo 14-1H

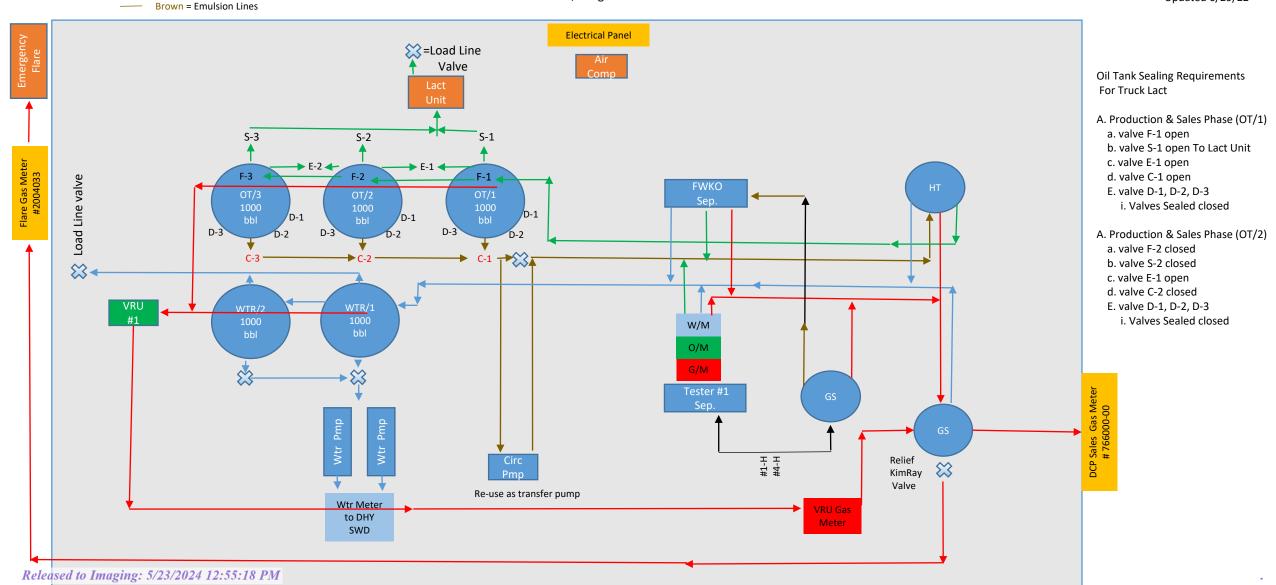
(Pre-commingle)
State Com Battery

Sec. 14, T19S, R28E

Lat. 32.659359, Long. -104.155210

Page 23 of 33

Apache Corp. 1945 Bluestem Rd. Artesia, NM 88210 575-677-3642 Prod. Foreman Javier Berdoza Updated 6/29/22



# Palmillo 14-1H Equipment Removal to Convert Tankless

# Received by OCD: 3/1/2024 2:59:42 PM X = Remove Equipment Signature = Valve Green = Oil Lines Red = Gas Lines

Blue = Water Lines

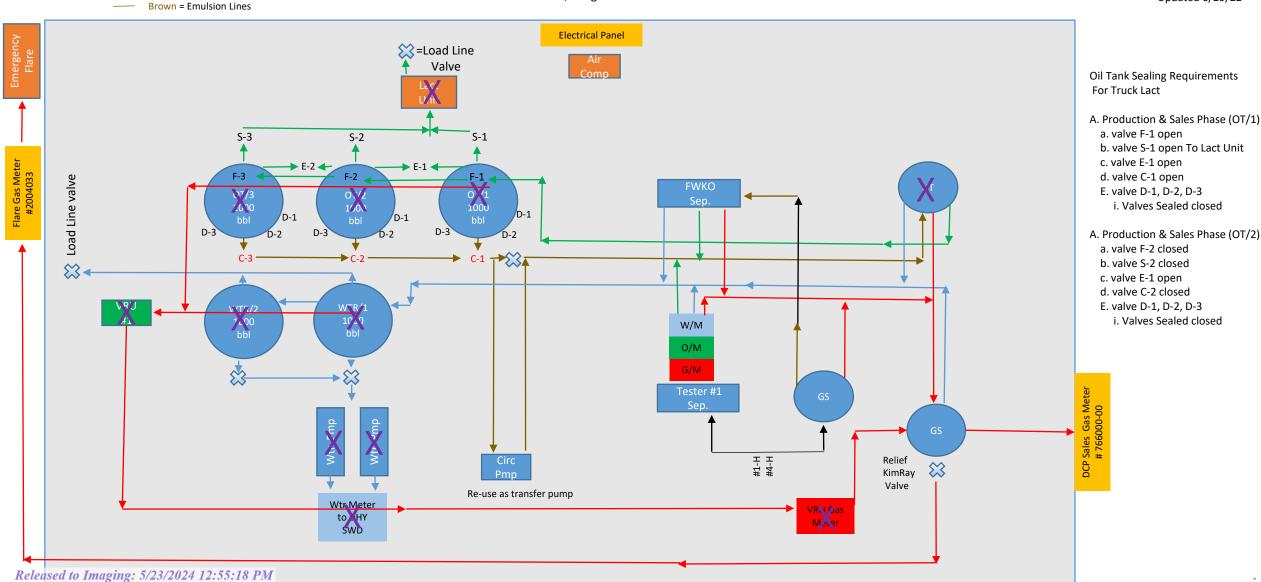
# **Apache Corporation**

# Palmillo 14-1H

# Equipment Removal to Convert Tankless State Com Battery

Sec. 14, T19S, R28E Lat. 32.659359, Long. -104.155210 Page 25 of 33

Apache Corp. 1945 Bluestem Rd. Artesia, NM 88210 575-677-3642 Prod. Foreman Javier Berdoza Updated 6/29/22



Green = Oil Lines

Blue = Water Lines

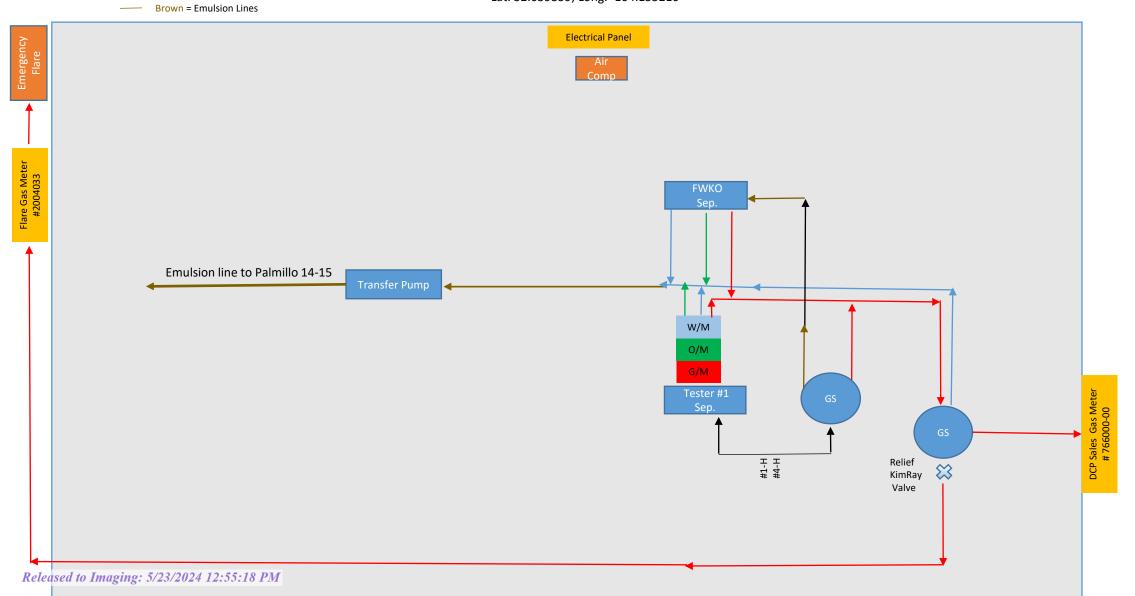
Red = Gas Lines

# Apache Corporation

Palmillo 14-1H Tankless (Post Commingle Setup) State Com Battery

Sec. 14, T19S, R28E Lat. 32.659359, Long. -104.155210 Page 26 of 33

Apache Corp. 1945 Bluestem Rd. Artesia, NM 88210 575-677-3642 Prod. Foreman Javier Berdoza Updated 6/29/22



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

# APPLICATION FOR SURFACE COMMINGLING SUBMITTED BY APACHE CORPORATION

ORDER NO. CTB-870-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. Apache Corporation ("Applicant") submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A ("Application").
- 2. Applicant proposed a method to allocate the oil and gas 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 and gas 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 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.
- 6. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas 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

- 7. 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.
- 8. 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.
- 9. 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.

Order No. CTB-870-A Page 1 of 4

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

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas 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 and gas 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 and gas 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 CTB-870.
- 3. The allocation of oil and gas 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 and gas 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 and gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

Order No. CTB-870-A Page 2 of 4

During the initial production period, the oil and gas 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 and gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

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

During the decline period, the oil and gas production for each well identified in Exhibit A 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 and gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

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

- 5. The oil and gas production for each, Palmillo 14 State No. 1H (API No. 30-015-39027) and Palmillo 14 State No. 4H (API No. 30-015-42543), shall be separated and metered prior to commingling it with production from another well.
- 6. 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.
- 7. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.

Order No. CTB-870-A Page 3 of 4

- 8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
- 9. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 10. 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.
- 11. 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 and gas production to it, and the location(s) that commingling of its production will occur.
- 12. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 13. 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).
- 14. 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:** 5/23/24

Order No. CTB-870-A Page 4 of 4

# State of New Mexico Energy, Minerals and Natural Resources Department

# Exhibit A

Order: CTB-870-A

Operator: Apache Corporation (873) Central Tank Battery: Palmillo 14 15 State Battery

Central Tank Battery Location: UL E, Section 14, Township 19 South, Range 29 East

Central Tank Battery: Palmillo 14 Facility

Central Tank Battery Location: UL L, Section 14, Township 19 South, Range 29 East Gas Title Transfer Meter Location: UL L, Section 14, Township 19 South, Range 29 East Gas Title Transfer Meter Location: UL E, Section 14, Township 19 South, Range 29 East

# **Pools**

Pool Name Pool Code PALMILLO; BONE SPRING, SOUTHWEST 96413

Leases as d	lefined in 19	9.15.12.7(	C) NMAC
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Leases as defined in 1911011217 (C) 1 (Wille			
Lease	UL or Q/Q	S-T-R	
CA Bone Spring NMSLO 203810 PUN 1373807	N/2 N/2	15-19S-28E	
CA Bone Spring NMSLO 204019 PUN 1380404	N/2 N/2	14-19S-28E	
CA boile Spring NVISLO 204019 FUN 1380404	N/2 N/2	15-19S-28E	
X0 0648 0155 (section 14)	S/2	14-19S-28E	
X0 0648 0154 (section 14)	N/2	14-19S-28E	
X0 0648 0155 (section 15)	S/2	15-19S-28E	
X0 0648 0154 (section 15)	N/2 minus A	15-19S-28E	

# Wells

Pool	S-T-R	UL or Q/Q	Well Name	Well API
96413	14-19S-28E	S/2 S/2	Palmillo 14 15 State #2H	30-015-44043
96413	14-19S-28E	S/2 N/2	Palmillo 14 15 State #3H	30-015-44045
96413	15-19S-28E	S/2 S/2	Palmillo 14 15 State #205H	30-015-44667
06/112	14-19S-28E	NW/4 SW/4	Palmillo 14 15 State #206H	20.015.44675
9S-28E	15-19S-28E	N/2 S/2	Familio 14 15 State #200H	30-015-44675
96413	14-19S-28E	S/2 N/2	Palmillo 14 15 State #207H	30-015-44668
96413	15-19S-28E	N/2 N/2	Palmillo 14 15 State Com #208H	30-015-44669
96413	14-19S-28E	S/2 S/2	Palmillo 14 15 State #301H	30-015-44040
96413	14-19S-28E	N/2 S/2	Dalmilla 14 15 \$4040 #202H	20 015 45241
	15-19S-28E	N/2 S/2	Familio 14 15 State #302H	30-013-43341
96413	14-19S-28E	N/2 S/2	Dolmillo 14 15 State #20211	20.015.45290
	15-19S-28E	N/2 S/2	Pannino 14 15 State #305H	30-015-45380
96413 96413 96413 96413 96413 96413	14-19S-28E	N/2 N/2	Dalmilla 14 15 State Com #20511	30-015-45343
	15-19S-28E	N/2 N/2	Paimillo 14 15 State Com #305H	
0(412	14-19S-28E	N/2 N/2	Dalmilla 14 15 State Com #20(II	30-015-45382
90413	15-19S-28E	N/2 N/2	Paimillo 14 15 State Com #300H	
96413	15-19S-28E	S/2 S/2	Palmillo 14 15 State #307H	30-015-45381
96413	14-19S-28E	N/2 S/2	Palmillo 14 State #1H	30-015-39027
	15-19S-28E 14-19S-28E 15-19S-28E 14-19S-28E 15-19S-28E 14-19S-28E 15-19S-28E 15-19S-28E	N/2 S/2 N/2 S/2 N/2 S/2 N/2 S/2 S/2		30-015-45382 30-015-45381

30-015-42543 Palmillo 14 State #4H N/2 N/2 14-19S-28E 96413

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

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 319494

#### **CONDITIONS**

Operator:	OGRID:
APACHE CORPORATION	873
303 Veterans Airpark Ln	Action Number:
Midland, TX 79705	319494
	Action Type:
	[C-107] Surface Commingle or Off-Lease (C-107B)

#### CONDITIONS

Created By		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.	5/23/2024