

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



August 7, 2018

Surface Commingling Order PLC-513

OXY USA INC.
Attention: Ms. Sandra Musallam

Pursuant to your application received on July 16, 2018, OXY USA, Inc. (OGRID 16696) is hereby authorized to surface commingle oil and gas production and off-lease measure from the following pools:

PIERCE CROSSING; BONE SPRING, EAST (96473)
PURPLE SAGE; WOLFCAMP (GAS) (98220)

and from the following diversely owned federal wells and leases in said Section, Township, and Range in Eddy County, New Mexico.

Lease: Pending Corral Canyon 36 25 Federal Com Well No. 21H Federal Communitization Agreement; Hearing Order R-14605

Description: W/2 Section 25, and the W/2 of Section 36, all in Township 24 South, Range 29 East

Wells: Corral Canyon 36 25 Federal Com Well No. 21H API 30-015-44631
Corral Canyon 36 25 Federal Com Well No. 22H API 30-015-44632
Corral Canyon 36 25 Federal Com Well No. 23H API 30-015-44633

Pool: Pierce Crossing; Bone Spring, East

Lease: Pending Corral Canyon 36 25 Federal Com Well No. 24H Federal Communitization Agreement; Hearing Order R-14603

Description: W/2 E/2 Section 25, and the W/2 E/2 of Section 36, all in Township 24 South, Range 29 East

Well: Corral Canyon 36 25 Federal Com Well No. 24H API 30-015-44634

Pool: Pierce Crossing; Bone Spring, East

Lease: Pending Corral Canyon 36 25 Federal Com Well No. 25H Federal Communitization Agreement

Description: E/2 E/2 Section 25, and E/2 E/2 of Section 36, all in Township 24 South, Range 29 East

Wells: Corral Canyon 36 25 Federal Com Well No. 25H API 30-015-44635
Corral Canyon 36 25 Federal Com Well No. 26H API 30-015-44636

Pool: Pierce Crossing; Bone Spring, East

Lease: Pending Corral Canyon 36 25 Federal Com Well No. 34H Federal
Communitization Agreement
Description: E/2 Section 25, and E/2 of Section 36, all in Township 24 South, Range 29 East
Wells: Corral Canyon 36 25 Federal Com Well No. 34H API 30-015-44644
Corral Canyon 36 25 Federal Com Well No. 35H API 30-015-44645
Corral Canyon 36 25 Federal Com Well No. 35H API 30-015-44645
Pool: Purple Sage; Wolfcamp (Gas)

The commingled oil production from the wells detailed above shall be measured and sold at the Corral Canyon 36-25 Central Tank Battery (CTB), located in Unit F of Section 1, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico.

Production from the subject wells shall be determined as follows:

It is understood that the test separator and meters are designed to accurately measure production from the wells with the highest production rate. It is also assumed that all of the oil and gas production from the wells in this application will display a hyperbolic decline, and will fit the decline parameters described in Hearing Order R-14299. Wells that are in prior to Range 1 of decline shall be tested daily. Wells that are in Range 1 of decline shall be measured with a combination of metering and well testing, and shall be tested at least three times a month. Wells that are in Range 2 of decline shall be measured with a combination of metering and well testing, and shall be tested at least twice a month. Wells in Range 3 of decline shall be measured with a combination of metering and well testing, and shall be tested at least once a month. However, all wells subject to this administrative application have no production.

Oil and gas production from the Corral Canyon 36 25 Federal Com Well No. 21H, and Corral Canyon 36 25 Federal Com Well No. 22H, and Corral Canyon 36 25 Federal Com Well No. 23H shall be measured at train no. 1 at the CTB.

Oil and gas production from the Corral Canyon 36 25 Federal Com Well No. 24H, and Corral Canyon 36 25 Federal Com Well No. 25H, Corral Canyon 36 25 Federal Com Well No. 26H, Corral Canyon 36 25 Federal Com Well No. 34H, Corral Canyon 36 25 Federal Com Well No. 35H, and Corral Canyon 36 25 Federal Com Well No. 36H shall be measured at train no. 2 at the CTB.

Further, each train is a Facility Measurement Point (FMP) for oil and gas production. After the gas is measured at its respective FMP, the production may be commingled with other production from other trains.

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.

OXY USA, Inc. shall provide a Sundry Notice to the Engineering Bureau in Santa Fe when a test separator is removed.

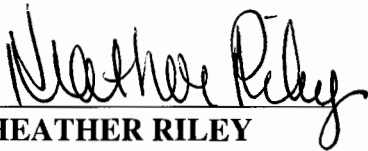
The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.

This approval is subject to like approval from the Bureau of Land Management before commencing commingling operations.

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

This administrative order supersedes Administrative Order CTB-856, issued on May 8, 2018. This administrative order adds the Corral Canyon 36 25 Federal Com Well No. 34H, Corral Canyon 36 25 Federal Com Well No. 35H, and Corral Canyon 36 25 Federal Com Well No. 36H wells, their respective horizontal spacing unit, and division designated pool.

The operator shall notify the Artesia District office of the Division prior to implementation of the commingling operations.



HEATHER RILEY
Director

HR/mam

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad