

Revised March 23, 2017

RECEIVED 08/09/2018	REVIEWER LH	TYPE CTB	APP NO. DMAM1822 59676
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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: RED TANK 31 STATE 5H & MULTIPLE API: 30-025-41885 & MULTIPLE
Pool: RED TANK; BONE SPRING, EAST Pool Code: 51687

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 (PRORATOR UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ 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.

ELIZABETH VELASCO

Print or Type Name

Signature

8/9/2018

Date

432-238-7599

Phone Number

ELIZABETH_VELASCO@OXY.COM

e-mail Address

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: 5 GREENWAY PLAZA SUITE 110, HOUSTON TX 77046
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 If "Yes", please include the appropriate Order No. CTB- 841-0
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

- (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)
(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 RED TANK BONE SPRINGS EAST (51687)
(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) WELL TESTS

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E

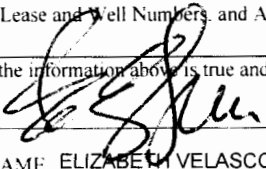
(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (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 SPECIALIST DATE 8/9/2018
TYPE OR PRINT NAME ELIZABETH VELASCO TELEPHONE NO. 432-686-1413
E-MAIL ADDRESS ELIZABETH_VELASCO@OXY.COM

APPLICATION FOR LEASE COMMINGLE, OFF-LEASE MEASUREMENT, SALES AND STORAGE

Commingling proposal for Red Tank 31 State 5H and Red Tank 30-31 State Batteries

OXY USA INC requests approval to amend the previous approved CTB-841-0 to add the Red Tank 30-31 State #14H. Wells feeding the battery are listed below:

WELL	API	Location	Date Online	BOPD	Oil Gravity	MSCFPD	BTU	BWPD
POOL: RED TANK; BONE SPRING, EAST (51687) - STATE LEASE VO-3527-0002								
Red Tank 31 State 5H	30-025-41885	A 31-225-33E	Jan-2015	35	40.8	41	1335	107
POOL: RED TANK; BONE SPRING, EAST (51687) - STATE LEASE VO-3527-0002 & VO-3526-0002								
Red Tank 30-31 State Com 34H	30-025-44063	A 30-225-33E	Feb-2018	1275	41.8	1362	1308	2858
Red Tank 30-31 State Com 24Y	30-025-44161	A 30-225-33E	Feb-2018	1170	41.8	793	1312	2057
POOL: RED TANK; BONE SPRING, EAST (51687) - STATE LEASE VO-3526-0002 & VO-3527-0002								
*Red Tank 30-31 State Com 14H	30-025-44193	A 30-225-33E	Est. Dec. 2018	754	41.5	2484	1318	860

*Production estimates are average of first 6-month volumes for wells not online yet

Red Tank 31 State 5H production is separated at its own battery. Production is sent through a 42" X 10' three-phase separator. Oil production flows through a turbine meter before being sent to a 6' X 20' heater treater. Oil is then sent to three oil storage tanks before being pumped through a LACT meter and trucked to sales.

Gas from Red Tank 31 State 5H is measured through an orifice meter (Lat 32.3536987, Long -103.6035614) after leaving the three-phase separator. It is then sent to sales.

Water from Red Tank 31 State 5H is measured through a turbine meter after leaving the three-phase separator. It is then sent to two water tanks before being pumped to NBR 18-1 SWD well.

Red Tank 31 State 5H has been on production for over two years and is in Range 3 of decline. The well will be tested at least once per month.

Production from Red Tank 30-31 State Com 34H, 24Y, and 14H will be separated at the Red Tank 30-31 State battery. Each well will be sent to a dedicated 6' X 15' three-phase test separator. Oil production will flow through turbine meters before being pumped to the oil storage tanks at the Red Tank 31 State 5H battery. Production will be allocated to each well based on monthly well test data.

After leaving the test separators, gas from Red Tank 30-31 State Com 34H, 24Y, and 14H will be combined and measured through an Oxy check meter (Lat 32.373529, Long -103.618257). Gas will then be sent to sales.

As specified in Hearing Order R-14299, the Red Tank 30-31 State Com 14H 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, and will be tested at least once per month during Range 3 of decline. Range 2 decline is in progress for the Red Tank 30-31 State Com 34H and 24Y. These wells are tested at least twice per month, and will be tested at least once per month during Range 3 of decline.

All water from the Red Tank 30-31 State battery will be sent to the NBR 18-1 SWD well. Water will either be sent directly or via the Red Tank 31 State 5H battery.

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 working interest, royalty interest and overriding royalty interest owners have been notified of this proposal by certified mail (see attached).

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 this production 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. These applications will be submitted separately for approval per NMOCD and SLO regulations.

RED TANK 31 STATE 5H & RED TANK 30-31 STATE BATTERIES

Previous 6 Month Production Data

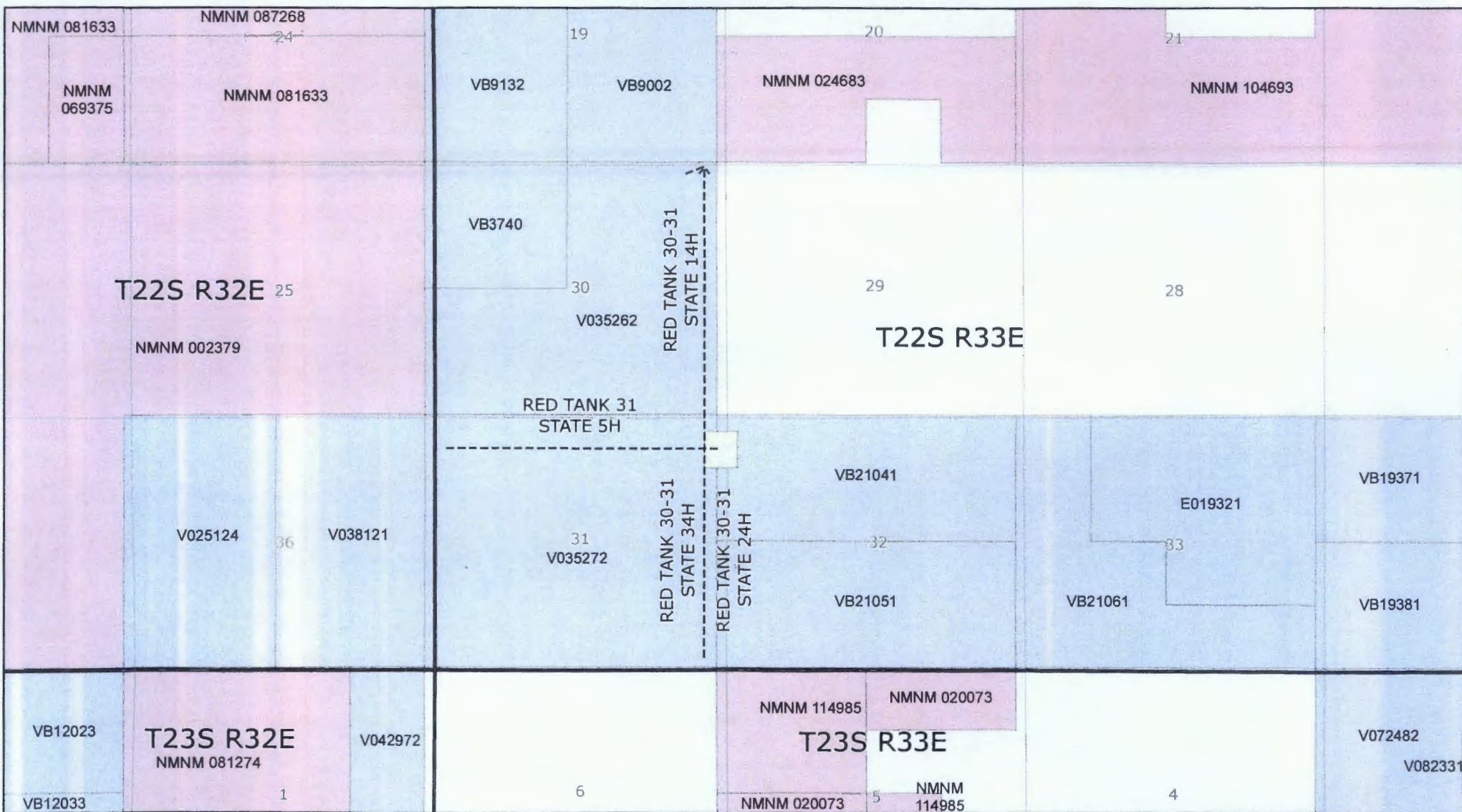
Red Tank 31 State 5H (30-025-41885)			
Month	Oil (bbls)	Gas (mcf)	Water (bbls)
Dec-2017	615	488	1424
Jan-2018	0	0	0
Feb-2018	213	0	198
Mar-2018	112	0	110
Apr-2018	130	1564	1764
May-2018	1817	1347	5304
Avg Daily Prod	35	41	107

Red Tank 30-31 State Com 34H (30-025-44063)			
Month	Oil (bbls)	Gas (mcf)	Water (bbls)
Dec-2017			
Jan-2018			
Feb-2018	40270	49230	98427
Mar-2018	41765	32936	98523
Apr-2018	33471	44985	67600
May-2018	37448	36260	78451
Avg Daily Prod	1275	1362	2858

Red Tank 30-31 State Com 24Y (30-025-44161)			
Month	Oil (bbls)	Gas (mcf)	Water (bbls)
Dec-2017			
Jan-2018			
Feb-2018	31063	24704	87237
Mar-2018	37325	16777	62923
Apr-2018	35299	32009	50740
May-2018	36751	21690	45979
Avg Daily Prod	1170	793	2057

Red Tank 31 CTB

T23S R33E



DUNNELL
 1425 N. French Dr., Hobbs, NM 88240
 Phone: (505) 993-6141 Fax: (505) 993-6730
 District II
 811 S. First St., Artesia, NM 88210
 Phone: (505) 766-1281 Fax: (505) 766-8738
 District III
 1400 East Business Blvd., Aztec, NM 87910
 Phone: (505) 534-6178 Fax: (505) 534-6178
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3469 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

API Number 30-025-	Pool Code 516B7	Pool Name Red Tank Bone Spring, East
Property Code 319659	Property Name RED TANK "30-31" STATE	Well Number 14H
CGRID No 16696	Operator Name OXY USA INC.	Elevation 3662.5'

Surface Location

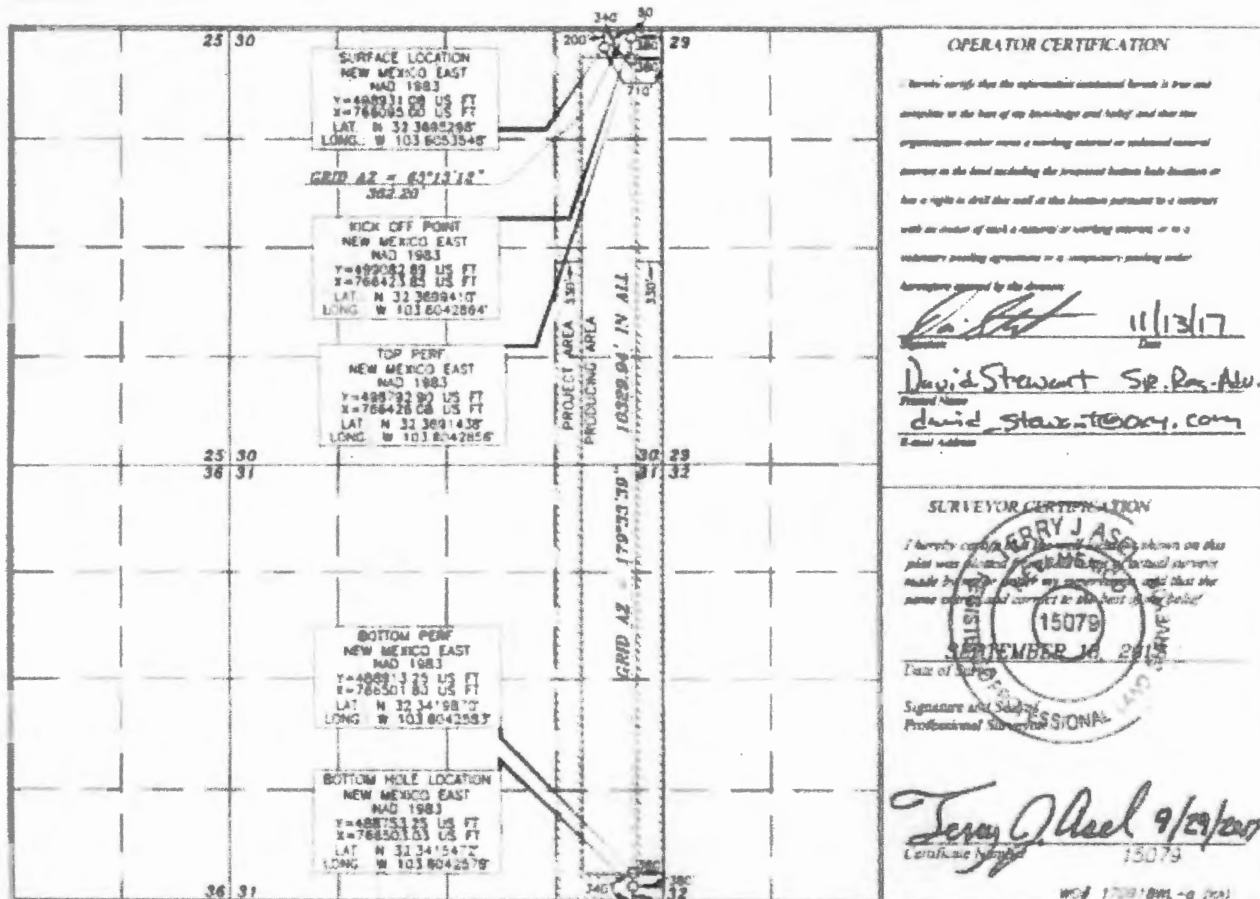
L.T. or lot no.	Section	Township	Range	Lot kds	Feet from the	North South line	Feet from the	East West line	County
A	30	22 SOUTH	33 EAST, N.M.P.M.		200	NORTH	710	EAST	LEA

Bottom Hole Location If Different From Surface

L.T. or lot no.	Section	Township	Range	Lot kds	Feet from the	North South line	Feet from the	East West line	County
P	31	22 SOUTH	33 EAST, N.M.P.M.		180'	SOUTH	380	EAST	LEA

Dedicated Acres	Lease or Infill	Consolidation Code	Order No.
320	Y		

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.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and
 complete to the best of my knowledge and belief, and that the
 organization under whose a working interest or mineral interest
 interest in the land including the proposed bottom hole location or
 has a right to drill the well at the 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
 hereunder entered by the division
 Signature David Stewart Date 11/13/17
 Printed Name David Stewart Sr. P.O. Atty.
 E-mail address david_stewart@oxy.com

SURVEYOR CERTIFICATION

I hereby certify that the information shown on this
 plat was obtained from a reliable source and that the
 same is correct to the best of my belief
 Signature and Seal of Professional Surveyor
Terry J. Reed 9/29/2017
 Certificate Number 15079

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 Rancho Road, Artesia, 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

HOBBSOCD 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

RECEIVED

☒ AMENDED REPORT
As Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-41885	Pool Code 51687	Pool Name Red Tank Bone Springs, East
Property Code 304938	Property Name RED TANK "31" STATE	Well Number 5H
OGRID No. 16696	Operator Name OXY USA INC.	Elevation 3716.5'

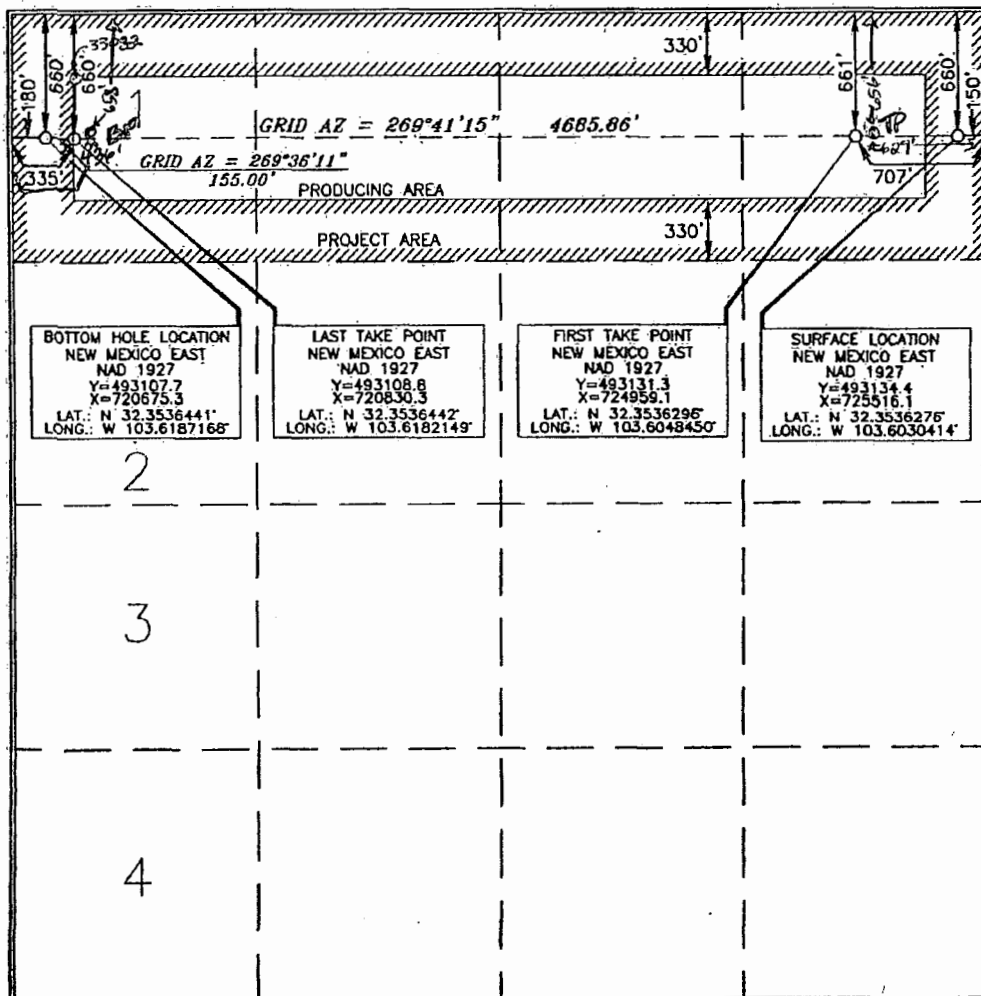
Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	22 SOUTH	33 EAST, N.M.P.M.		660'	NORTH	150'	EAST	LEA

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
1	31	22 SOUTH	33 EAST, N.M.P.M.		660' 657'	NORTH	150' 389'	WEST	LEA
Dedicated Acres 1.60	Joint or Infill N	Consolidation Code	Order No.	TP - 651e FNL 629 FEL CP - 658 FNL 436 FNL					

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.



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 undivided 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 community pooling order heretofore entered by the district.

Signature: *David Stewart* Date: **12/18/14**
6/2/14

Printed Name: **David Stewart Sr. Reg. Ado.**
E-mail Address: **David.stewart@oxy.com**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes or official 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: **APRIL 30, 2014**

Signature and Seal of Professional Surveyor: *Terry J. Paul* **6/2/2014**

Certificate Number: **15079**

WOP# 140430WL-a (Rev. A) (NA)

JAN 13 2015

HOBBBS OCD
Energy
JAN 17 2018
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Energy, Minerals & Natural Resources Department

1220 South St. Francis Dr.

Santa Fe, NM 87505

Revised August 1, 2011

District Office

☒ AMENDED REPORT
(As-Drilled)

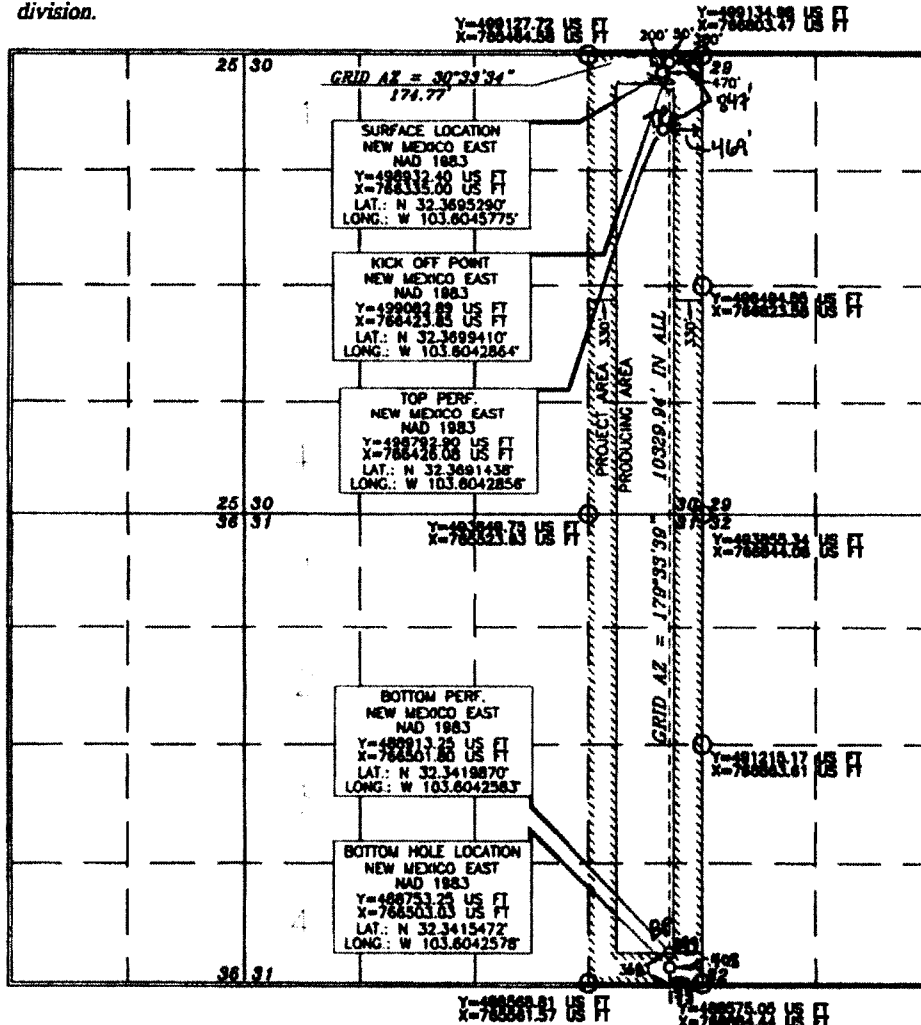
WELL LOCATION AND ACREAGE DEDICATION PLAT

Surface Location									
UL or lot no.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	22 SOUTH	33 EAST, N.M.P.M.		200'	NORTH	470'	EAST	LEA

Bottom Hole Location If Different From Surface

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.

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.



I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that the respondent either owns a working interest or undivided 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 is a voluntary pooling agreement or a compulsory pooling order lawfully entered by the division.

1/16/18
Date
Jana Mendiola
Principal Name
janelyn-mendiola@ox.com
Email Address

I hereby certify that the information shown on this plot was obtained 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.

15079
AUGUST 8 2017

Signature and Seal of Professional Surveyor

Ferry Abdul 8/25/2
Certificate number 15079

WFO 170808WZ-b-XY (KA)

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720
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1000 Rio Brazos Road, Aztec, NM 87410
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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

RECEIVED
MAY 10 2018
HOBBS OGD

☒ AMENDED REPORT
(As-Drilled)

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-44161	Pool Code 51687	Pool Name Red Tank; Bone Spring, East
Property Code 319659	Property Name RED TANK "30-31" STATE Com	Well Number 24Y
OGRID No. 116696	Operator Name OXY USA INC.	Elevation 3660.1'

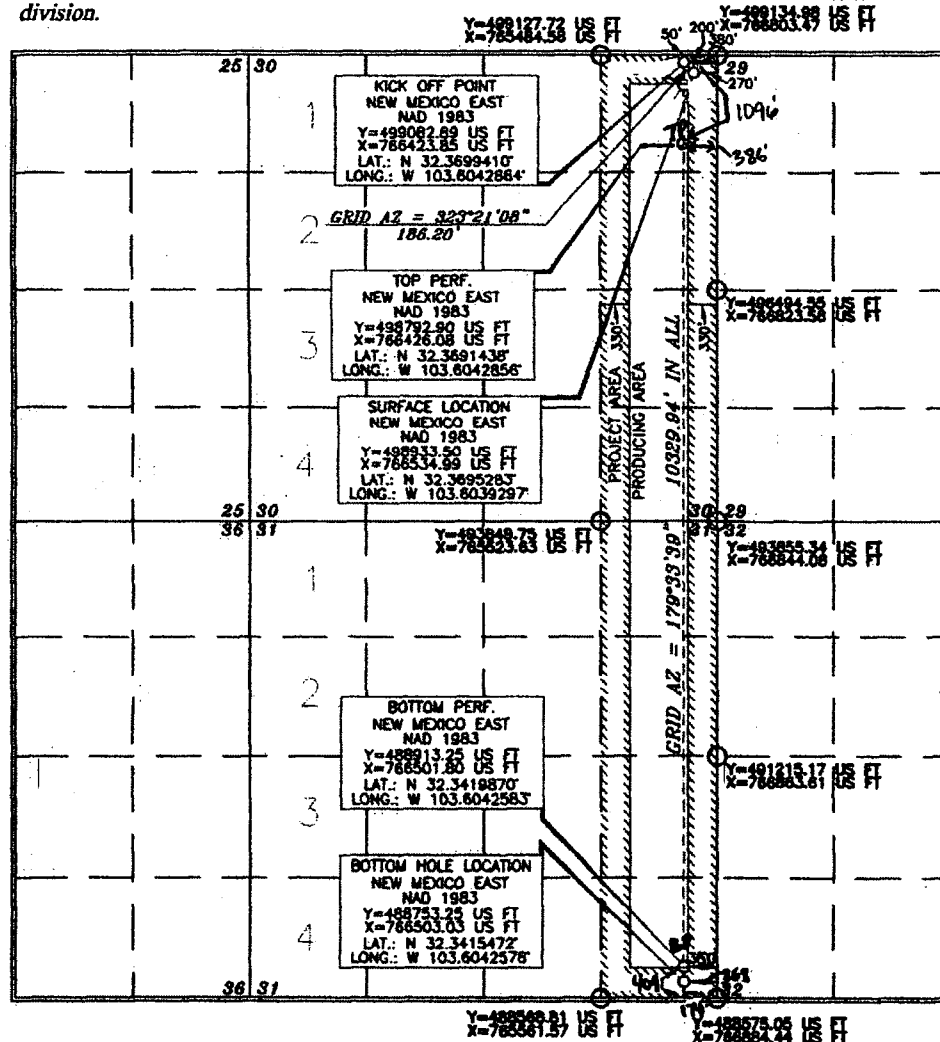
Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	22 SOUTH	33 EAST, N.M.P.M.		200'	NORTH	270'	EAST	LEA

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
P	31	22 SOUTH	33 EAST, N.M.P.M.		199' 179'	SOUTH	300' 348'	EAST	LEA
Dedicated Acres 320	Joint or Infill Y	Consolidation Code	Order No. BP- 409 FSL 350 FEL TP- 1096 FNL 386 FEL						

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.



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.

Hereby entered by the division

[Signature] 1/16/18
Jana Mendivila
jaramenmendivila@oxy.com

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from the original survey made by the surveyor or his/her assistants and that the same is true and correct to the best of my belief.

BERRY J. AS
15079
AUGUST 8, 2017
Date of Survey
Signature and Seal
Professional Surveyor

[Signature] 10/30/2017
Certificate Number 15079



**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: 432.686.1413
Elizabeth_Velasco@oxy.com

August 9, 2018

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Application for Lease Commingling and Off-lease Measurement, Sales, & Storage for
the Red Tank 31 State 5H and Red Tank 30-31 State Batteries in Lea County, New Mexico

Dearest Interest Owner:

This is to advise you that OXY USA INC is filing an application to amend existing surface commingling (approved Order CTB-841-0) at the Red Tank 31 State 5H and Red Tank 30-31 State Batteries. 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

Elizabeth Velasco
Regulatory Specialist
Elizabeth_Velasco@oxy.com

NAME	ADDRESS	CITY	STATE	ZIP	CERT. MAIL TRK. #
STATE OF NEW MEXICO	PO BOX 1148	SANTA FE	NM	87504-1148	7017-0190-0000-4589-2418
CAMPECHE PETRO, LP	500 COMMERCE ST	FORT WORTH	TX	76102	7017-0190-0000-4589-2401
STATES ROYALTY LP	300 N. BRECKENRIDGE AVE	BRECKENRIDGE	TX	76424	7017-0190-0000-4589-2296



**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

August 9, 2018

Re: Production of Red Tank 30-31 State Com 14H

Leases: VO-3527-0002 and VO-3526-0002
Lea County, New Mexico

Dear Mr. McMillan:

Regarding the submitted amendment to Order CTB-841 to add Red Tank 30-31 State Com 14H, the production decline of the aforementioned well is in accordance with the production decline presented in Order R-14299.

For questions regarding this application, please contact me at (713) 366-5106.

Respectfully,

A handwritten signature in cursive script that reads 'Sandra Musallam'.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



CENTRAL TANK BATTERY

Administrative Order CTB-841

December 5, 2017

OXY USA Inc
Attention: Ms. Sandra Musallam

OXY USA Inc (OGRID 16696) is hereby authorized to surface commingle oil production from the Red Tank; Bone Spring, East Pool (Pool code 51687) from the following diversely owned state leases in the form of a state lease and state communization agreement located in Township 22 South, Range 33 East, Lea County, New Mexico.

Lease:	State lease VO-3527-0002	
Description:	Lot 1, N/2 NE/4, NE/4 NW/4 (N/2 N2 equivalent) of Section 31, Township 22 South, Range 33 East	
Well:	Red Tank 31 State Well No. 5H	API 30-025-41885
Lease:	Red Tank 30 31 State Com Well No. 34H State Communitization Agreement	
Description:	E/2 E/2 of Section 30, and E/2 E/2 of Section 31, all in Township 22 South, Range 33 East	
Wells:	Red Tank 30 31 State Com Well No. 34H	API 30-025-44063
	Red Tank 30 31 State Com Well No. 24Y	API 30-025-44062

The combined project area for these wells includes the E/2 E/2 of Section 30, and Lot 1, N/2 NE/4, NE/4 NW/4 (N/2 N2 equivalent), SW/4 NE/4, and E/2 SE/4 of Section 31, all in Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

The commingled oil production from the wells detailed above shall be measured and sold at the Red Tank 31State 5H Central Tank Battery (Red Tank 31State 5H CTB), located in Unit A of Section 31, Township 22 South, Range 33 East, NMPM, Lea 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 Range 1 of decline shall be measured separately. 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. The Red Tank 31 State Well No. 5H is in Range 3 decline, based on Order R14299. Red Tank 30 31 State Com Well No. 34H and Red Tank 30 31 State Com Well No. 24Y shall be continuously metered until the wells reach Range 2 decline.

Oil production from the Red Tank 30 31 State Com Well No. 34H and Red Tank 30 31 State Com Well No. 24Y shall each be measured separately at the Red Tank 30-31 Battery located in Unit A, Section 30, Township 22 South Range 33 East. Oil production is combined, then it is commingled at the Red Tank 31 State 5H CTB. Oil production from the Red Tank 31 State Well No. 5H shall be measured separately at the Red Tank 31 State 5H CTB, before commingling with the other wells.

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 New Mexico State Land Office 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.

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



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil, Gas, and Minerals