

Initial Application Part II

Received: 05/30/2019

This application is placed in file for record. It MAY or MAY NOT have been reviewed to be determined Administratively Complete

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

Commingling proposal for Speak Easy Unit Battery

OXY USA INC requests approval for a Pool and Lease Commingle and off-lease storage, measurement and sales at the Speak Easy Unit Battery (LAT 32.4184963125248 LONG -103.6359606117, L-1-22S-32E).

The commingling of production is in the interest of conservation and waste and will result in the most effective economic means of producing the reserves in place from the affected wells and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

Wells feeding the battery are listed below.

12.5% BLM ROYALTY - POOL: RED TANK; BONE SPRING (51683)											
Lease Number	Well Name	API	Surface Location	Pool	POOL CODE	DATE ONLINE	OIL (BPD)	Gravity API	GAS (MSCFD)	BTU/cf	WATER (BPD)
25% NMNM106696 25% NMNM109758 50% NMNM105891	RUM RUNNER 2 FEDERAL COM #001H	30-025-40095	H-02-22S-32E	RED TANK; BONE SPRING	51683	Apr-2012	4.8* 198**	40.0	2.9* 340**	1040	50.0* 277**
							*Pre frac (actual) **Post frac (forecasted)				
PA PENDING FOR SECTIONS 1 AND 2 - SPEAK EASY FEDERAL #2-5H											
12.5% BLM ROYALTY - POOL: RED TANK; BONE SPRING (51683)											
Lease Number	Well Name	API	Surface Location	Pool	POOL CODE	DATE ONLINE	OIL (BPD)	Gravity API	GAS (MSCFD)	BTU/cf	WATER (BPD)
25% NMNM106696 25% NMNM109758 50% NMNM105891	SPEAK EASY FEDERAL 3H	30-025-42265	I-01-22S-32E	RED TANK; BONE SPRING	51683	Apr-2012	33.4	41.1	37.6	1224	86.4
50% NMNM82896 50% NMNM97133	SPEAK EASY FEDERAL 4H	30-025-42266	E-01-22S-32E	RED TANK; BONE SPRING	51683	Apr-2015	42.9	41.1	24.7	1234	114.1
12.5% BLM ROYALTY - POOL: BOOTLEG RIDGE; DELAWARE, NORTHWEST (6925)											
Lease Number	Well Name	API	Surface Location	Pool	POOL CODE	DATE ONLINE	OIL (BPD)	Gravity API	GAS (MSCFD)	BTU/cf	WATER (BPD)
50% NMNM82896 50% NMNM97133	SPEAK EASY FEDERAL 2H	30-025-40306	L-01-22S-32E	BOOTLEG RIDGE; DELAWARE, NORTHWEST	6925	May-2013	84.7	41.1	298.9	1270	417.9
50% NMNM82896 50% NMNM120897	SPEAK EASY FEDERAL 5H	30-025-42267	D-01-22S-32E	BOOTLEG RIDGE; DELAWARE, NORTHWEST	6925	Apr-2015	28.7	41.1	49.4	1260	1238.8

Process Flow:

Production will flow through a production separator. For well testing purposes, production is sent to test separator, which is equipped with a water meter, oil meter (55455), and gas orifice meter (#15106T). The wells will be individually tested on a monthly basis for allocation purposes.

Oil from both the test and production separators will flow to the production heater treater. Oil will then flow to four oil storage tanks before sent through the LACT (oil FMP). Gas will flow from the heater-treater and production and test separators to orifice meter #15104P (OXY check meter, gas FMP).

All wells will be tested according to the methodology presented in Hearing Order R-14299, described below. All wells have been online for at least four years and all fall within Range 3 of the decline. Each well will be tested at least once per month and production will be allocated to each well will be based on the aforementioned well tests.

Gas for lift operations will be pulled downstream of the gas FMPs. The table below lists the well on gas lift and the respective meter number. Estimated volume is 545 MCFPD. Fuel gas for each compressor is approximately 25 MCFPD based on manufacturer's published usage rate.

WELL NAME	GAS LIFT METER #
SPEAK EASY FEDERAL 4H	2900

Produced water will be sent to the NBR #1 SWD.

Additional Application Components:

The flow of production is shown in detail on the enclosed facility diagram. Also enclosed is a map detailing the lease boundary, well and battery locations.

The gas FMP will be calibrated on a regular basis per API, NMOCD and BLM specifications.

All interest owners were notified 5/29/19.

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.

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.

The surface commingle application will be submitted separately for approval per NMOCD and BLM regulations.