

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY OXY USA, INC.**

ORDER NO. PC-1392

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 (“Application”) from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil production to the pools, leases, and wells to be commingled.
4. 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.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. 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.
7. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.

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, and 19.15.12 NMAC.
9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.

10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
11. 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) and (C)(4)(h) NMAC.
12. Applicant did not give adequate notice that it sought authorization to add pools, leases, or wells as required by 19.15.12.10(C)(4)(g) NMAC.
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 production from the pools, leases, and wells identified in Exhibit A.
2. For matters of surface commingling and off-lease measuring oil production and for the wells identified in Exhibit A, this Order supersedes Order PLC-217.
3. The oil production for each well identified in Exhibit A shall be allocated by conducting a minimum of one (1) well test per month.

Applicant shall conduct a well test by separating and measuring the oil production from that well for a minimum of twenty-four (24) consecutive hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than thirty (30) days until the well commences production.

4. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
5. Applicant shall calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10(C)(2) NMAC.
6. 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.
7. Applicant's request for authorization to add pools, leases, and wells prospectively pursuant to 19.15.12.10(C)(4)(g) NMAC is denied.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

9. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 4/16/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PC-1392**

Operator: **Oxy USA, Inc. (16696)**

Central Tank Battery: **WBR Federal 2 Battery**

Central Tank Battery Location (NMPM): **Unit M, Section 13, Township 22 South, Range 32 East**

Gas Custody Transfer Meter Location (NMPM): **Unit M, Section 13, Township 22 South, Range 32 East**

Pools

Pool Name	Pool Code
RED TANK; BONE SPRING	51683
RED TANK; DELAWARE, WEST	51689

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)
NMNM 058940	All except SW/4 SE/4 Sec 13-T22S-R32E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-30137	WBR Federal #1	H-13-22S-32E	51683	
30-025-35722	WBR Federal #7	K-13-22S-32E	51683	
30-025-36063	WBR Federal #9	F-13-22S-32E	51683	
30-025-36064	WBR Federal #10	C-13-22S-32E	51683	
30-025-36415	WBR Federal #12	E-13-22S-32E	51683	
30-025-32999	WBR Federal #2	M-13-22S-32E	51689	
30-025-37929	WBR Federal #11	D-13-22S-32E	51689	
30-025-33026	WBR Federal #3	L-13-22S-32E	51689 51683	
30-025-35256	WBR Federal #5	N-13-22S-32E	51689 51683	