

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTCarlsbad Field Office
OCD Hobbs
APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010
Serial No.
NMNM86149**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | |
|--|--|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator OXY USA INCORPORATED | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3a. Address P O BOX 4294 HOUSTON, TX 77210-4294 | | 8. Well Name and No. Multiple--See Attached |
| 3b. Phone No. (include area code) Ph: 713-366-5945 | | 9. API Well No. Multiple--See Attached |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached | | 10. Field and Pool, or Exploratory RED TANK |
| | | 11. County or Parish, and State LEA COUNTY, NM |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Surface Commingling |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

OXY USA INC is requesting approval for Central Tank Battery & Pool Commingle of the following wells: Red Tank 26 Federal #1, #2, #3, #4, #5, #6, #7, #8, #9 and the Red Tank 26 Federal #10H

Red Tank 26 Federal #1 Central Tank Battery (CTB) is located in Township 22S, Range 32 E, Section 26 in Lea County, New Mexico.

All of the production from the Red Tank 26 Federal #1, 2, 3, 4, 5, 6, 7, 8, 9 existing wells comes into a production header then flows to a two phase test separator followed by a three phase heater treater. The production header contains isolation valves to route the production into a two phase test separator and a three phase heater treater to be individually tested on a monthly basis for allocation purposes. Each stream leaving the test heater is routed through a test meter for oil (SN: 12015580502), water (SN: 1201580320) and gas (SN: 64602).

| | |
|---|---------------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #338448 verified by the BLM Well Information System For OXY USA INCORPORATED, sent to the Hobbs Committed to AFMSS for processing by PRISCILLA PEREZ on 05/17/2016 (16PP0630SE) | |
| Name (Printed/Typed) TAYLOR STILLMAN | Title PRODUCTION ENGINEER |
| Signature (Electronic Submission) | Date 05/05/2016 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------------------|---------------------|
| Approved By <i>J.D. Whitlock</i> | Title <i>TLPET</i> | Date <i>8/24/16</i> |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | | |
| Office <i>CFO</i> | | |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Ka

Additional data for EC transaction #338448 that would not fit on the form**Wells/Facilities, continued**

| Agreement | Lease | Well/Fac Name, Number | API Number | Location |
|-----------|-----------|-------------------------|--------------------|---|
| NMNM86149 | NMNM86149 | RED TANK 26 FED 02 | 30-025-32462-00-S1 | Sec 26 T22S R32E NWNW 330FNL 660FWL |
| NMNM86149 | NMNM86149 | RED TANK 26 FED 03 | 30-025-32463-00-S1 | Sec 26 T22S R32E SWNW 1980FNL 330FWL |
| NMNM86149 | NMNM86149 | RED TANK 26 FED 04 | 30-025-32386-00-S1 | Sec 26 T22S R32E NWSW 2310FSL 330FWL |
| NMNM86149 | NMNM86149 | RED TANK 26 FED 05 | 30-025-32387-00-S1 | Sec 26 T22S R32E SWSW 990FSL 330FWL |
| NMNM86149 | NMNM86149 | RED TANK 26 FED 06 | 30-025-32388-00-S2 | Sec 26 T22S R32E NENW 330FNL 1650FWL |
| NMNM86149 | NMNM86149 | RED TANK 26 FED 07 | 30-025-32681-00-S1 | Sec 26 T22S R32E SENW 1650FNL 1650FWL |
| NMNM86149 | NMNM86149 | RED TANK 26 FED 08 | 30-025-33010-00-S1 | Sec 26 T22S R32E SESW 500FSL 2310FWL |
| NMNM86149 | NMNM86149 | RED TANK 26 FED 09 | 30-025-32947-00-S1 | Sec 26 T22S R32E NENW 330FNL 2310FWL |
| NMNM86149 | NMNM86149 | RED TANK 26 FEDERAL 10H | 30-025-41127-00-S1 | Sec 26 T22S R32E NENW 350FNL 2195FWL 32.368916 N Lat, 103.646404 W Lon |
| NMNM86149 | NMNM86149 | RED TANK 26 FED 01 | 30-025-31855-00-S2 | Sec 26 T22S R32E NESW 1880FSL 1880FWL |

32. Additional remarks, continued

Production from the new Red Tank 26 Federal #10H well will be routed into a dedicated three phase separator where the oil will be allocated on a daily basis through the dedicated oil turbine meter (SN: 12026072502) and gas will be routed through the dedicated orifice meter (SN: 13430008).

The oil and gas meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and NMOCD will be notified of any future changes in the facility.

Produced water will be transferred from Red Tank 26-1 CTB to Red Tank 35-3 salt water disposal (SWD) via pipeline.

APPLICATION FOR CENTRAL TANK BATTERY & POOL COMMINGLE

Commingle proposal for the following Red Tank 26 leases:

Proposal for Red Tank 26 Federal #1, #2, #3, #4, #5, #6, #7, #8, #9 and the Red Tank 26 Federal #10H

OXY USA INC is requesting approval for Central Tank Battery, Pool Commingle, & Off lease measurement and sales of gas production of the following wells:

Federal Lease: NMNM086149

Pool: Red Tank; Delaware West (51689)

| Well Name | Oil (bpd) | API Gravity | Gas (MSCFD) | Water (bpd) | BTU | API | Location |
|------------------------|-----------|-------------|-------------|-------------|------|--------------|------------------|
| Red Tank 26 Federal #1 | 8 | 43.2 | 17 | 58 | 1400 | 30-025-31855 | Sec 26,T22S R32E |
| Red Tank 26 Federal #2 | 6 | 41.8 | 3 | 142 | 1400 | 30-025-32462 | Sec 26,T22S R32E |
| Red Tank 26 Federal #3 | 5 | 41.8 | 14 | 286 | 1400 | 30-025-32463 | Sec 26,T22S R32E |
| Red Tank 26 Federal #4 | 10 | 42.1 | 8 | 67 | 1400 | 30-025-32386 | Sec 26,T22S R32E |
| Red Tank 26 Federal #5 | 9 | 41.8 | 10 | 48 | 1400 | 30-025-32387 | Sec 26,T22S R32E |
| Red Tank 26 Federal #6 | 11 | 42.1 | 14 | 63 | 1400 | 30-025-32388 | Sec 26,T22S R32E |
| Red Tank 26 Federal #7 | 7 | 41.8 | 14 | 128 | 1400 | 30-025-32681 | Sec 26,T22S R32E |
| Red Tank 26 Federal #8 | 4 | 38.6 | 4 | 32 | 1400 | 30-025-33010 | Sec 26,T22S R32E |
| Red Tank 26 Federal #9 | 2 | 40.8 | 6 | 15 | 1400 | 30-025-32947 | Sec 26,T22S R32E |

Federal Lease: NMNM086149

Pool: Red Tank; Bone Spring (51683)

| Well Name | Oil (bpd) | API Gravity | Gas (MSCFD) | Water (bpd) | BTU | API | Location |
|--------------------------|-----------|-------------|-------------|-------------|------|--------------|------------------|
| Red Tank 26 Federal #10H | 110 | 40 | 688 | 824 | 1180 | 30-025-41127 | Sec 26,T22S R32E |

A map is enclosed showing the Federal leases and well locations in Section 26, T22S, R32E.

The lease has a royalty rate of 12.5%.

Oil & Gas metering:

Red Tank 26 Federal #1 Central Tank Battery (CTB) is located in Township 22S, Range 32 E, Section 26 in Lea County, New Mexico.

All of the production from the Red Tank 26 Federal #1, 2, 3, 4, 5, 6, 7, 8, 9 existing wells comes into a production header then flows to one of the two dedicated two phase production separators, followed by a dedicated three phase heater treater. The production header contains isolation valves to route the production into a two phase test separator and a three phase test heater treater with meters for oil (SN: 12015580502), water (SN: 1201580320) and gas (SN: 64602). Each well will be tested at least once per month for a minimum of 24 hrs. These volumes will be used on a monthly basis for oil allocation purposes. Total monthly production will be determined using the subtraction method by tank gauging and subtracting Red Tank 26 10H oil production.

Production from the new Red Tank 26 Federal #10H well will be routed into a dedicated three phase separator where the oil will be allocated on a daily basis through the dedicated oil turbine meter (SN: 12026072502) and gas will be routed through the dedicated orifice meter (SN: 13430008).

Gas production will be allocated based on well test using the Red Tank 26 #1-9 test gas meter (SN: 64602) and the Red Tank 26 10H gas meter (SN: 13430008). Total monthly gas production will be determined by the facility gas meter (SN: 84461). Gas will be sold off lease through DCP meter #13135072 located in Section 25, NWNE, T22S, R32E.

Meters will be proven per API, NMOCD, and BLM specifications, when installed, once per month for the first 3 months to establish a consistent repeatability factor and then quarterly thereafter.

Produced water will be transferred from Red Tank 26-1 CTB to Red Tank 35-3 salt water disposal (SWD) via pipeline.

Process and Flow Descriptions:

Please see attached process flow diagram for the Red Tank 26 Federal #1 CTB.

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 reduces the surface facility footprint and overall emissions.

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 BLM regulations.

Signed: _____

Printed Name: Taylor Stillman

Title: Production Engineer

Date: 04/11/2016

Economic Justification Worksheet

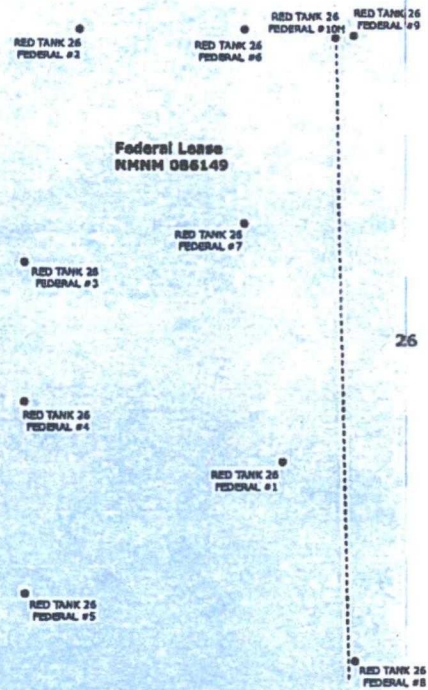
Red Tank 26 CTB


| WELLS | BOPD | OIL GRAVITY @ 60 | VALUE/BBL | MCFD | DRY BTU | VALUE/MCF |
|--------------------------|------|------------------|-------------|------|---------|------------|
| Red Tank 26 Federal #1 | 8 | 43.2 | \$41.00/bbl | 17 | 1400 | \$2.60/mcf |
| Red Tank 26 Federal #2 | 6 | 41.8 | | 3 | 1400 | |
| Red Tank 26 Federal #3 | 5 | 41.8 | | 14 | 1400 | |
| Red Tank 26 Federal #4 | 10 | 42.1 | | 8 | 1400 | |
| Red Tank 26 Federal #5 | 9 | 41.8 | | 10 | 1400 | |
| Red Tank 26 Federal #6 | 11 | 42.1 | | 14 | 1400 | |
| Red Tank 26 Federal #7 | 7 | 41.8 | | 14 | 1400 | |
| Red Tank 26 Federal #8 | 4 | 38.6 | | 4 | 1400 | |
| Red Tank 26 Federal #9 | 2 | 40.8 | | 6 | 1400 | |
| Red Tank 26 Federal #10H | 110 | 40 | | 688 | 1180 | |

Economic Combined Production

| BATTERY | BOPD | WEIGHTED OIL GRAVITY @ 60 | VALUE/BBL | MCFD | WEIGHTED DRY BTU | VALUE/MCF |
|-----------------|------|---------------------------|-------------|------|------------------|------------|
| Red Tank 26 CTB | 172 | 40.7 | \$41.00/bbl | 778 | 1205 | \$2.60/mcf |

**Township 22 South, Range 32 East
Lea County, New Mexico**



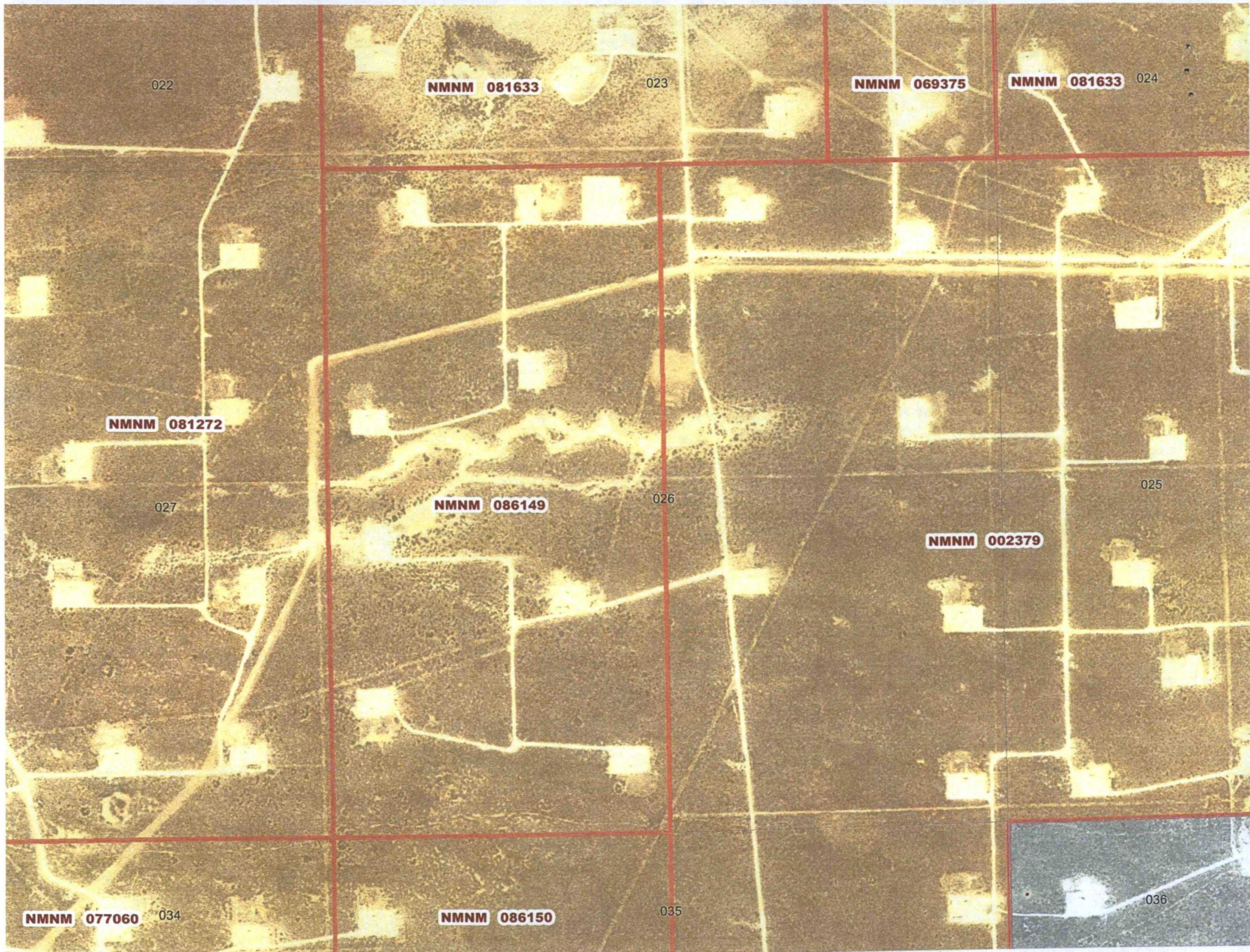
 **Occidental Petroleum**
4000 West Loop, Houston, TX 77060

North American Datum 1983
Last Updated: March 12, 2018
Author: A. Cordas
File: Red_Tank_Ethanolgas_20180312

Legend

----- Lease

• Well



022

NMNM 081633

023

NMNM 069375

NMNM 081633 024

NMNM 081272

027

NMNM 086149

026

NMNM 002379

025

NMNM 077060 034

NMNM 086150

035

036

Flowline Map



Google Earth Pro

miles
km



Kias Sales Line Map



Google Earth Pro





022

NMNM 081633

023

NMNM 069375

NMNM 081633

024

NMNM 081272

027

NMNM 086149

026

NMNM 077060

034

NMNM 086150

035

036

NMNM 002379

025

Red Tank 26
Fed 1 CTB

Gas flow line

DCP Meter
13135072

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 08:58 AM

Page 1 of 2

Run Date: 03/25/2015

01 12-22-1987;101STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 320.000
Serial Number NMNM-- - 086149

| Name & Address | Serial Number: NMNM-- - 086149 | Int Rel | % Interest |
|------------------------------------|--------------------------------|---------|--------------|
| OXY USA INC 5 GREENWAY PLZ #110 | HOUSTON TX 770460521 | LESSEE | 100.00000000 |

| Mer Twp Rng Sec | SType | SNr Suff | Subdivision | District/Field Office | County | Mgmt Agency |
|--------------------|-------|----------|-------------|-----------------------|--------|---------------------|
| 23 0220S 0320E 026 | ALIQ | | W2: | CARLSBAD FIELD OFFICE | LEA | BUREAU OF LAND MGMT |

| Act Date | Code | Action | Action Remark | Pending Office |
|------------|------|------------------------|------------------------|----------------|
| 01/15/1991 | 387 | CASE ESTABLISHED | | |
| 01/16/1991 | 191 | SALE HELD | | |
| 01/16/1991 | 267 | BID RECEIVED | \$160000.00; | |
| 01/16/1991 | 392 | MONIES RECEIVED | \$160000.00; | |
| 03/11/1991 | 237 | LEASE ISSUED | | |
| 03/15/1991 | 111 | RENTAL RECEIVED | \$480.00;21/0235709958 | |
| 04/01/1991 | 496 | FUND CODE | 05;145003 | |
| 04/01/1991 | 530 | RLTY RATE - 12 1/2% | | |
| 04/01/1991 | 868 | EFFECTIVE DATE | | |
| 04/01/1991 | 909 | BOND ACCEPTED | EFF 07/24/78;WY0405 | |
| 04/16/1991 | 600 | RECORDS NOTED | | |
| 03/10/1992 | 111 | RENTAL RECEIVED | \$480.00;21/5559228 | |
| 12/08/1992 | 575 | APD FILED | POGO PRODUCING; BM | |
| 01/11/1993 | 576 | APD APPROVED | RED TANK 26 #1; BM | |
| 03/08/1993 | 111 | RENTAL RECEIVED | \$480.00;21/559377 | |
| 06/05/1993 | 650 | HELD BY PROD - ACTUAL | 1-RED TANK 26 FED | |
| 12/16/1993 | 575 | APD FILED | POGO PROD CO | |
| 01/11/1994 | 576 | APD APPROVED | 4 RED TANK 26 FED | |
| 01/11/1994 | 576 | APD APPROVED | 5 RED TANK 26 FED | |
| 01/11/1994 | 576 | APD APPROVED | 6 RED TANK 26 FED | |
| 02/14/1994 | 575 | APD FILED | POGO PROD CO | |
| 03/15/1994 | 576 | APD APPROVED | 2 RED TANK 26 FED | |
| 03/15/1994 | 576 | APD APPROVED | 3 RED TANK 26 FED | |
| 05/01/1995 | 575 | APD FILED | POGO PROD CO | |
| 05/05/1995 | 576 | APD APPROVED | 9-RED TANK 26 FED | |
| 05/10/1995 | 575 | APD FILED | POGO PRODUCING CO. | |
| 06/06/1995 | 576 | APD APPROVED | 10-RED TANK 26 FED | |
| 02/12/2008 | 817 | MERGER RECOGNIZED | POGO PROD/PXP ACQ; | |
| 02/12/2008 | 940 | NAME CHANGE RECOGNIZED | PXP ACQ/POGO LLC; | |
| 03/08/2008 | 974 | AUTOMATED RECORD VERIF | BTM | |
| 05/01/2008 | 140 | ASGN FILED | POGO PRODUC/OXY USA;1 | |
| 06/13/2008 | 139 | ASGN APPROVED | EFF 06/01/08; | |
| 10/29/2008 | 974 | AUTOMATED RECORD VERIF | BTM | |
| 01/08/2009 | 140 | ASGN FILED | POGO PRODUC/OXY USA;1 | |
| 05/11/2009 | 139 | ASGN APPROVED | EFF 02/01/09; | |
| 05/11/2009 | 974 | AUTOMATED RECORD VERIF | AR | |

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM



OXY USA INC
A subsidiary of Occidental Petroleum Corporation

P.O. Box 4294, Houston, Texas 77210-4294
Direct: 713.366.5405 Fax: 713.985.8923
Laura_Drum@oxy.com

November 12, 2015

Re: **Commingle Application For:**

Red Tank 26 Federal #1-9
Sec. 26, T22S-R32E
Delaware West

Red Tank 26 Federal #10H
Sec. 26, T22S-R32E
Bone Spring

To Whom It May Concern:

OXY USA INC, as Operator, will be filing an application with the New Mexico Oil Conservation Division for approval of the above mentioned commingle project. This letter serves to notice you that the operator and interest owners are identical as to the W/2 of Section 26, Township 22 South, Range 32 East, for all depths; therefore there are no operators and/or owners to notice.

Very Truly Yours,

OXY USA WTP Limited Partnership

Laura Drum
Landman

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - 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

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☐ PLC ☒ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☒ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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.

TAYLOR STILLMAN
Print or Type Name

Taylor Stillman
Signature

PRODUCTION ENGINEER 04/07/2016
Title Date

TAYLOR_STILLMAN@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: PO Box 4294 Houston, TX 77210
APPLICATION TYPE:

☒ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingling)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
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 |
|----------------------------------|--|---|--|---|---|
| Red Tank; Delaware, West (51689) | | 43.1/1240 | | | Oil = 172 bbls Gas = 778 MCF Water = 1663 bbls |
| Red Tank; Bone Spring (51683) | | | | | |
| | | | | | |

- (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 (No notice required)
(4) Measurement type: ☒ Metering ☒ Other (Specify): Allocation by well test
(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.
(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)

(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: Taylor Stillman TITLE: Production Engineer DATE 04/07/2016

TYPE OR PRINT NAME Taylor Stillman TELEPHONE NO (713) 366-5945
E-MAIL ADDRESS Taylor_Stillman@oxy.com

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

| | | |
|---|--|---|
| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | WELL API NO. |
| 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> | | 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator Oxy USA Inc | | 6. State Oil & Gas Lease No. |
| 3. Address of Operator PO BOX 4294 Houston, TX 77210 | | 7. Lease Name or Unit Agreement Name Red Tank 26 |
| 4. Well Location Unit Letter _____ feet from the _____ line and _____ feet from the _____ line Section _____ Township _____ Range _____ NMPM _____ County _____ | | 8. Well Number 1,2,3,4,5,6,7,8,9, 10H |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) | | 9. OGRID Number |
| | | 10. Pool name or Wildcat Red Tank; Delaware West & Red Tank; Bone Spring |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| | |
|---|---|
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> CLOSED-LOOP SYSTEM <input type="checkbox"/> OTHER: POOL COMMINGLING: RED TANK; DELAWARE WEST (51689) AND RED TANK: BONE SPRING (51683) <input checked="" type="checkbox"/> | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/> <i>PL-1294</i> |
|---|---|

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

OXY USA INC is requesting approval for Central Tank Battery & Pool Commingle of the following wells:

Federal Lease: NMNM086149

Pool: Red Tank; Delaware West (51689)

Federal Lease: NMNM086149

Pool: Red Tank; Bone Spring (51683)

| Well Name | API | Location |
|--------------------------|--------------|-------------------|
| Red Tank 26 Federal #1 | 30-025-31855 | Sec 26, T22S R32E |
| Red Tank 26 Federal #2 | 30-025-32462 | Sec 26, T22S R32E |
| Red Tank 26 Federal #3 | 30-025-32463 | Sec 26, T22S R32E |
| Red Tank 26 Federal #4 | 30-025-32388 | Sec 26, T22S R32E |
| Red Tank 26 Federal #5 | 30-025-32387 | Sec 26, T22S R32E |
| Red Tank 26 Federal #6 | 30-025-32388 | Sec 26, T22S R32E |
| Red Tank 26 Federal #7 | 30-025-32691 | Sec 26, T22S R32E |
| Red Tank 26 Federal #8 | 30-025-33010 | Sec 26, T22S R32E |
| Red Tank 26 Federal #9 | 30-025-32947 | Sec 26, T22S R32E |
| Red Tank 26 Federal #10H | 30-025-41127 | Sec 26, T22S R32E |

| Well Name | API | Location |
|--------------------------|--------------|-------------------|
| Red Tank 26 Federal #10H | 30-025-41127 | Sec 26, T22S R32E |

Recommend Approval.
Subject to Like Approval by BLM
MAN

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Taylor Stillman* TITLE: PRODUCTION ENGINEER DATE: 04/20/2016

Type or print name: TAYLOR STILLMAN E-mail address: TAYLOR_STILLMAN@OXY.COM PHONE: 713.366.5945

For State Use Only

APPROVED BY: *David R. Cline* TITLE: *Division Director* DATE: *4/22/16*

Conditions of Approval (if any):

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Red Tank 26 Federal 2, 3, 4, 5, 6, 7, 8, 9, 10H,
NMNM86149**

Oxy USA WTP LP

August 24, 2016

Condition of Approval

Pool Commingling of lease production and Off lease Measurement & Sales of gas production.

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 and API requirements for sales meters.
7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.