

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: P.O. BOX 4294, HOUSTON, TX 77210-4294
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. PLC 727A
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
SEE ATTACHED				

(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) 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.

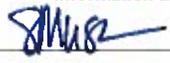
(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(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:  TITLE: REGULATORY ENGINEER DATE: 7/7/2021

TYPE OR PRINT NAME SANDRA MUSALLAM TELEPHONE NO: 713-366-5106

E-MAIL ADDRESS: SANDRA_MUSALLAM@OXY.COM

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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: COVINGTON A FEDERAL #003 & MULTIPLE **API:** 30-025-32445 & MULTIPLE
Pool: RED TANK; DELAWARE, WEST & RED TANK; BONE SPRING **Pool Code:** 51689 & 51683

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 (PRORATION UNIT) SD

- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
 DHC CTB PLC PC OLS OLM **AMENDMENT TO PLC 727A**
 [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
<input type="checkbox"/> Notice Complete
<input type="checkbox"/> 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.

SANDRA MUSALLAM
 Print or Type Name

7/7/2021
 Date

713-366-5106
 Phone Number

Signature

SANDRA_MUSALLAM@OXY.COM
 e-mail Address

APPLICATION FOR POOL LEASE COMMINGLE & OFF LEASE MEASUREMENT, STORAGE AND SALES Commingle proposal for oil production at Covington A Federal 18 Battery

OXY USA INC requests to amend PLC 727A for oil production at the Covington A Federal 18 Battery (C-25-22S-32E, LAT 32.367752 and LONG -103.630755, Lea County). This commingle request includes the current and future wells in the pools and leases/CAs listed below.

Wells to be added:

BLM SCH B (NMNM69375); IN RANGE OF SLIDING SCALE BLM 12.5% NRI

Well Name	API	Surface Location	Date Online	Oil (BPD)	Gravity API	Gas (MSCFD)	BTU/cf	Water (BPD)
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POOL: RED TANK; DELAWARE, WEST (51689)

RED TANK 23 FEDERAL #001	30-025-31695	P-23-22S-32E	Apr-1993	14	41.2	15	1324	104
RED TANK 23 FEDERAL #002	30-025-32103	I-23-22S-32E	Jan-1994	15	41.2	11	1324	145

Existing wells in the commingle:

BLM 12.5% NRI (NMNM02379)

Well Name	API	Surface Location	Date Online	Oil (BPD)	Gravity API	Gas (MSCFD)	BTU/CF	Water (BPD)
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POOL: RED TANK; DELAWARE, WEST (51689)

COVINGTON A FEDERAL #003	30-025-32445	E-25-22S-32E	Jun-1998	7	40.9	9	1323	38
COVINGTON A FEDERAL #004	30-025-32290	I-25-22S-32E	Oct-1997	0	40.9	0	1323	0
COVINGTON A FEDERAL #006	30-025-31851	F-25-22S-32E	Feb-1996	15	40.9	14	1323	128
COVINGTON A FEDERAL #011	30-025-33074	P-25-22S-32E	Jun-2001	7	40.9	6	1323	52
COVINGTON A FEDERAL #013	30-025-33142	J-25-22S-32E	Mar-1999	5	40.9	16	1323	69
COVINGTON A FEDERAL #017	30-025-35940	H-26-22S-32E	Aug-2003	5	40.9	4	1323	13
COVINGTON A FEDERAL #018	30-025-32037	B-26-22S-32E	Oct-1993	0	40.9	0	1323	0
COVINGTON A FEDERAL #035	30-025-34706	D-25-22S-32E	Dec-1999	2	40.9	3	1323	18
COVINGTON A FEDERAL #036	30-025-34479	J-26-22S-32E	Dec-2002	5	40.9	5	1323	113

POOLS: RED TANK; BONE SPRING (51683) & RED TANK; DELAWARE, WEST (51689)

DHC 3006-0

COVINGTON A FEDERAL #002	30-025-31850	D-25-22S-32E	Apr-1998	16	40.9	17	1306	51
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PROCESS DESCRIPTION

Production flows through a 30" X 10' two-phase production separator. The combined oil and water stream flow to a 6' X 20' heater-treater. Oil then flows to three oil tanks for storage then sales via trucking. Oil production is allocated back to each well based on well test.

For testing purposes, Covington A Federal 18 Battery is equipped with a 4' X 10' three-phase separator. The separator is equipped with turbine meters for oil (serial number 12110778623) and water (serial number 12111288840) measurement, and an orifice meter for gas measurement. All wells at the battery have been online for at least 18 years and are in Range 3 of decline. These wells are tested at least once per month as specified in Hearing Order R-14299.

Gas production flows from the 30" X 10' two-phase separator and is measured through OXY sales-quality check meter 83241P, then flows to sales. Gas production is allocated back to each well based on well test. The gas production from Covington A Federal 18 Battery is included in PLC 217.

All water from the Covington A Federal 18 Battery is sent to the Salt Water Disposal Distribution system.

ADDITIONAL APPLICATION COMPONENTS

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

The oil and gas meters are calibrated on a regular basis per API, BLM and NMOCD specifications.

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 will not reduce the individual wells' production value or otherwise adversely affect the interest owners. It 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.

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1000, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

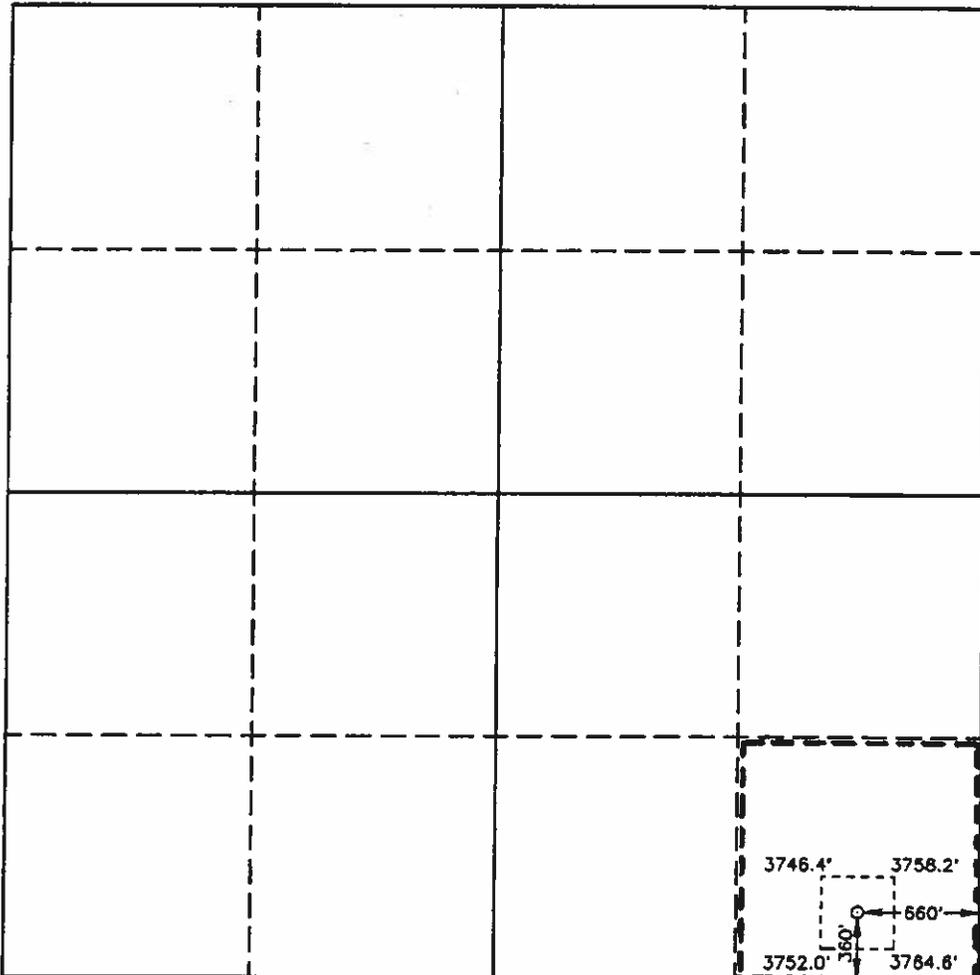
All Distances must be from the outer boundaries of the section

Operator POGO PRODUCING CO.		Lease RT 23 FEDERAL		Well No. 1
Unit Letter P	Section 23	Township 22 SOUTH	Range 32 EAST	County LEA
Actual Footage Location of Well:				
360 feet from the SOUTH line and		660 feet from the EAST line		
Ground Level Elev. 3757.6'	Producing Formation DELAWARE	Pool WILDCAT	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)

No allowable will be assigned to the well unit all interests have been consolidated (by communization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, 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.

Signature: *Richard L. Wright*

Printed Name: **Richard L. Wright**

Position: **Division Operations Supr.**

Company: **POGO PRODUCING COMPANY**

Date: **August 6, 1992**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted 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 knowledge and belief.

Date Surveyed: **AUGUST 03, 1992**

Signature & Seal of Professional Surveyor: *[Signature]*

Certificate No. **JOHN W. WEST, 678**
RONALD J. ELLISON, 3239
GARY S. JONES, 7877

92-11-1106

NEW Mexico Oil Conservation District I
1025 N. French Street
Hobbs, NM 87001

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5 Lease Designation and Serial No.
NM-69375

6 If Indian, Allottee or Tribe Name

7 If Unit or CA, Agreement Designation

8 Well Name and No.
Red Tank 23 Federal #1

9 API Well No.
30-025-31695

10 Field and Pool, or Exploratory Area
W. Red Tank Delaware

11 County or Parish, State
Lea County, NM

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1 Type of Well
 Oil Well Gas Well Other

2 Name of Operator
Pogo Producing Company

3 Address and Telephone No.
P. O. Box 10340, Midland, TX 79702-7340 (915)685-8100

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)
360' FSL & 660' FEL, Section 23, T22S, R32E

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other Add Delaware Perfs
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

- 10/01/02 POOH w/ rods, pump & tbq.
- 10/02/02 Perf Delaware 6024-34 w/ 2 spf. RIH w/ RBP & set @ 6324. Test to 3000# ok. Spot sand on top of RBP.
- 10/03/02 Acdz 6024-34 w/ 7-1/2% acid. Swab.
- 10/05/02 Latch onto RBP @ 6324 & POOH.
- 10/08/02 Return well to production.

14 I hereby certify that the foregoing is true and correct

Signed *Calvin Lamb*

Title **Sr. Operation Tech**

Date **10/15/02**

(This space for use by the State or its agent)

Approved by
Conditions of Approval
(OPIC SGD.) DAVID R. GLASS
OCT 16 2002

Title _____ Date _____

Title 18 U.S.C. Section 1001, makes 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.

*See Instruction on Reverse Side

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-8

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

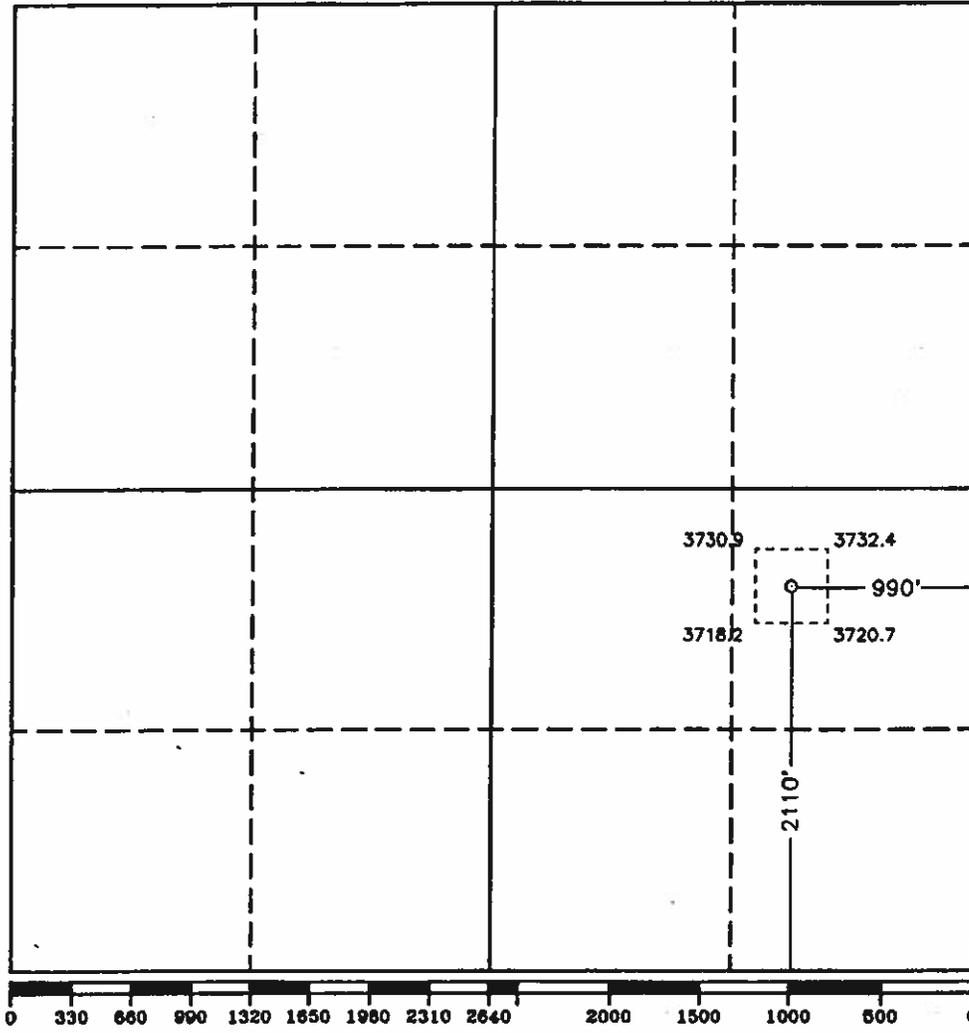
Operator POGO PRODUCING COMPANY		Lease RED TANK 23 FEDERAL		Well No. 2
Unit Letter I	Section 23	Township 22 SOUTH	Range 32 EAST NMPM	County LEA
Actual Footage Location of Well: 2110 feet from the South line and 990 feet from the East line				
Ground Level Elev. 3721.8	Producing Formation Brushy Canyon	Pool West Red Tank Delaware	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)

No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true, and complete to the best of my knowledge and belief.

Barrett L. Smith
Signature
Barrett L. Smith
Printed Name
Senior Oper. Engineer
Position
Pogo Producing Company
Company
January 11, 1994
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted 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 knowledge and belief.

Date Surveyed
JUNE 7, 1993

Signature & Seal of Professional Surveyor
Gary L. Jones
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL SURVEYOR

Conf. No. 078
RONALD E. JONES, 8289
1977

95-11-1057



July 9, 2021

Re: **Pool Commingle Application for Oil Production at Covington A Federal 18 Battery**

Section 25, T22S R32E, Lea County

- Red Tank; Delaware, West (51689)**
- Covington A Federal 3 – API 30-025-32445**
- Covington A Federal 4 – API 30-025-32290**
- Covington A Federal 6 – API 30-025-31851**
- Covington A Federal 11 – API 30-025-33074**
- Covington A Federal 13 – API 30-025-33142**
- Covington A Federal 17 – API 30-025-35940**
- Covington A Federal 18 – API 30-025-32037**
- Covington A Federal 35 – API 30-025-34706**
- Covington A Federal 36 – API 30-025-35936**
- Red Tank 23 Federal 1 – API 30-025-31695**
- Red Tank 23 Federal 2 – API 30-025-32103**

Red Tank; Bone Spring (51683) & Red Tank; Delaware, West (51689)
Covington A Federal 2 (DHC 3006-0) – API 30-025-31850

Dear Interest Owner:

This is to advise you that OXY USA INC. is filing an amendment to PLC 727A for oil production for the wells listed above. A copy of the application submitted to the Division is attached. *The commingle request also includes future wells in the pool and leases/CAs of the aforementioned wells.*

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 (713) 366-5106.

Respectfully,

OXY USA INC.
 Sandra Musallam
 Regulatory Engineer – Compliance Lead
 Sandra_Musallam@oxy.com

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
July 09, 2021
and ending with the issue dated
July 09, 2021.



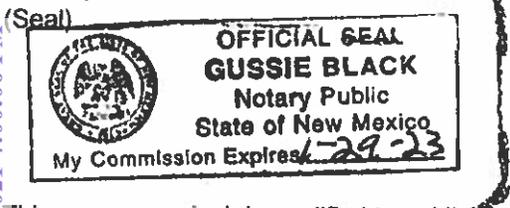
Publisher

Sworn and subscribed to before me this
9th day of July 2021.



Business Manager

My commission expires
January 28, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

LEGAL NOTICE
July 9, 2021

Notice of Application for Surface Commining

OXY USA INC located at 5 Greenway Plaza, Suite 110 Houston TX 77046 is applying to the NMOCD to amend commingle permit PLC 727A at Covington A Federal 18 Battery in Lea County, Section 25, T22S - R32E. Wells are located in Sections 23, 25 and 26. Production is from the Red Tank; Bone Spring and Red Tank; Delaware, West pools.

Pursuant to Statewide Rule 19.15.12.10, interested parties must file objections or requests for hearing in writing with the division's Santa Fe office within 20 days after publication, or the NMOCD may approve the application.

For questions pertaining to the application, please contact Sandra Musallam at (713) 366-5108. #36624

01101573

00256108

STACY CRUZ
OXY, INC.
PO BOX 1747
ADDISON, TX 75001-1747

To Name	To Address Line 1	To City	To State	To ZIP	TRACKING NUMBER
EOG RESOURCES INC	P O BOX 2267	MIDLAND	TX	79702	9414811898765804826676
MADURO OIL & GAS LLC	3102 MAPLE AVENUE SUITE 400	DALLAS	TX	75201	9414811898765804826119
1 TIMOTHY 6 LLC	P O BOX 30598	EDMOND	OK	73003	9414811898765804826164
LONSDALE RESOURCES LLC	2626 COLE AVE STE 300	DALLAS	TX	75204	9414811898765804826102
KEN PERKINS OIL & GAS INC	50 SUGAR CREEK CENTER BLVD STE 275	SUGAR LAND	TX	77478	9414811898765804826195
WPX ENERGY PERMIAN LLC	25061 NETWORK PL	CHICAGO	IL	60673	9414811898765804826140

MAILED 07/09/2021

Musallam, Sandra C

From: Shepard, Jonathon W <jshepard@blm.gov>
Sent: Thursday, July 29, 2021 4:58 PM
To: Musallam, Sandra C
Subject: Re: [EXTERNAL] Covington A 18 Battery Commingle Permit
Attachments: Surface Commingling COA.pdf

WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

This email acts as verbal approval for the proposed surface commingling sundry. The Conditions of Approval are attached. When possible, submit a sundry in AFMSS 2.

Jonathon Shepard
Petroleum Engineer
Carlsbad Field Office
Phone: 575-234-2237

From: Musallam, Sandra C <Sandra_Musallam@oxy.com>
Sent: Friday, July 23, 2021 8:10 AM
To: Shepard, Jonathon W <jshepard@blm.gov>
Subject: [EXTERNAL] Covington A 18 Battery Commingle Permit

This email has been received from outside of DOI - Use caution before clicking on links, opening attachments, or responding.

Hello Jonathon,
Verbal approval for the Covington A 18 Battery commingle permit is being requested because the OXY Production Team would like to move forward with construction. Waiting on the AFMSS batch submittal correction would delay this process and cause OXY to miss construction procurement deadlines.

OXY requests approval according to 43 CFR 3173.14(b)5 to commingle production at the Covington A 18 Battery between a lease with BLM 12.5% NRI and a lease with Schedule B, in the sliding range of BLM 12.5% NRI. This commingle request is the most effective and environmentally responsible means of producing the reserves. Natural resources and environmental quality will be protected, which supports 43 CFR 3162.1. Commingling will not reduce the individual wells' production value or otherwise negatively affect royalty revenue of the federal government. Justification, allocation methodology and other pertinent information are attached.

- Justification including LR2000 forms and gas samples
- Map of leases and battery
- Spreadsheet showing Schedule B royalty calculation
- Spreadsheet showing allocation methodology

Thank you,

Sandra Musallam
Regulatory Engineer – Compliance Lead
713-366-5106 (office)
713-504-8577 (cell)

Well Name	Well Number	US Well Number	Lease Number	Case Number	Operator
COVINGTON A	13	300253314200S2	NMNM2379	NMNM2379	OXY USA
COVINGTON A	35	300253470600S1	NMNM2379	NMNM2379	OXY USA
COVINGTON A	11	300253307400S2	NMNM2379	NMNM2379	OXY USA
COVINGTON A	17	300253594000S2	NMNM2379	NMNM2379	OXY USA
COVINGTON A	06	300253185100S2	NMNM2379	NMNM2379	OXY USA
COVINGTON A	18	300253203700S2	NMNM2379	NMNM2379	OXY USA
COVINGTON A	02	300253185000C1	NMNM2379	NMNM2379	OXY USA
COVINGTON A	03	300253244500S2	NMNM2379	NMNM2379	OXY USA
COVINGTON A	36	300253447900S2	NMNM2379	NMNM2379	OXY USA
RED TANK 23 FED	01	300253169500S3	NMNM69375	NMNM69375	OXY USA
COVINGTON A	04	300253229000S2	NMNM2379	NMNM2379	OXY USA
RED TANK 23 FED	02	300253210300S2	NMNM69375	NMNM69375	OXY USA

Notice of Intent

Sundry ID: 2631679

Type of Submission: Notice of Intent

Date Sundry Submitted: 08/31/2021

Date proposed operation will begin: 07/17/2021

Type of Action: Commingling (Surface) and Off-Lease Measurement

Time Sundry Submitted: 03:22

Procedure Description: Covington A 18 Battery commingle permit was previously submitted through email and approved verbally, due to AFMSS issues. OXY requests approval according to 43 CFR 3173.14(b)5 to commingle production at the Covington A 18 Battery from a lease with BLM 12.5% NRI and a Schedule B lease, in the sliding scale range of BLM 12.5% NRI. This commingle request is the most effective and environmentally responsible means of producing the reserves. Natural resources and environmental quality will be protected, which supports 43 CFR 3162.1. Commingling will not reduce the individual wells' production value or otherwise negatively affect royalty revenue of the federal government. Justification, allocation methodology and other pertinent information are attached.

From: [Engineer, OCD, EMNRD](#)
To: [Musallam, Sandra C](#); [Schenkel, Beth V](#)
Cc: [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Glover, James](#); [Paradis, Kyle Q](#); [Walls, Christopher](#)
Subject: Approved Administrative Order PLC-727-B
Date: Thursday, October 14, 2021 5:36:02 PM
Attachments: [PLC727B Order.pdf](#)

NMOCD has issued Administrative Order PLC-727-B which authorizes Oxy USA, Inc. (16696) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-025-31850	Covington A Federal #2	D	25-22S-32E	51683 51689
30-025-32445	Covington A Federal #3	E	25-22S-32E	51689
30-025-32290	Covington A Federal #4	I	25-22S-32E	51689
30-025-31851	Covington A Federal #6	F	25-22S-32E	51689
30-025-33074	Covington A Federal #11	P	25-22S-32E	51689
30-025-33142	Covington A Federal #13	J	25-22S-32E	51689
30-025-35940	Covington A Federal #17	H	26-22S-32E	51689
30-025-32037	Covington A Federal #18	B	26-22S-32E	51689
30-025-34706	Covington A Federal #35	D	25-22S-32E	51689
30-025-34479	Covington A Federal #36	K	25-22S-32E	51689
30-025-31695	Red Tank 23 Federal #1	P	23-22S-32E	51689
30-025-32103	Red Tank 23 Federal #2	I	23-22S-32E	51689

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

State of New Mexico
Energy, Minerals and Natural Resources Department

Notice

Order: PLC-727-B
Operator: Oxy USA, Inc. (16696)
Publication Date: 7/9/2021
Submittal Date: 7/27/2021

Noticed Persons

Date	Person	Certified Tracking Number	Status
7/12/2021	EOG RESOURCES INC	9414811898765804826676	Delivered
7/12/2021	MADURO OIL & GAS LLC	9414811898765804826119	Delivered
7/16/2021	1 TIMOTHY 6 LLC	9414811898765804826164	Delivered
7/14/2021	LONSDALE RESOURCES LLC	9414811898765804826102	In-Transit
7/12/2021	KEN PERKINS OIL & GAS INC	9414811898765804826195	Delivered
7/13/2021	WPX ENERGY PERMIAN LLC	9414811898765804826140	Delivered
	BLM	Online	

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

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

ORDER NO. PLC-727-B

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 from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil production to the pools, leases, and wells to be commingled.
3. 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.
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.
8. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

CONCLUSIONS OF LAW

9. 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, 19.15.12. NMAC, and 19.15.23. NMAC.

10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
13. 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) NMAC and 19.15.12.10.C.(4)(h) NMAC.
14. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10.C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
15. 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.

Applicant is authorized to store and measure oil production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

Applicant is authorized to surface commingle oil production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery described in Exhibit A.

2. This Order supersedes Order PLC-727-A.
3. The allocation of oil production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.

4. The allocation of oil production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the oil production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

5. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10.C.(2) NMAC.
7. 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.

- 8. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10.C.(4)(g) NMAC.
- 9. If a well is not included in Exhibit A but produces from a pool or lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well and proposed method to determine the allocation of oil production to it.
- 10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 11. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
- 12. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: _____ 10/14/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-727-B**
Operator: **Oxy USA, Inc. (16696)**
Central Tank Battery: **Covington A Federal 18 Battery**
Central Tank Battery Location: **Unit C, Section 25, Township 22 South, Range 32 East**
Gas Title Transfer Meter Location:

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	UL or Q/Q	S-T-R
	All	25-22S-32E
NMNM 002379	E/2	26-22S-32E
	E/2	35-22S-32E
NMNM 069375	E/2 SE/4	23-22S-32E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
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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 Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS
 Action 38455

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 38455
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclosure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	10/14/2021